COMMERCIAL EDUCATION

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PREFACE.

THIS book has arisen from an attempt to define the place of commercial education in a highly developed industrial and commercial society, such as exists alike in the Old and in the New World. But it soon became apparent that the first thing that required to be done was to survey what is actually being attempted in that direction.

Accordingly this volume contains studies in three different fields. First, it gives an account of the commercial education, mainly in evening schools, which is under the supervision of the English Board of Education, and which is maintained at the expense in equal measure of the national exchequer and of the local rates. This has grown up as a subordinate branch of the technical education movement, which has been stimulated by the provision of national funds for that purpose beginning with 'the whisky money' in 1890, and by the responsibility cast upon local educational authorities by the Act of 1902. No exact figures are

available; but it probably costs the country in rates and taxes a sum approaching a million pounds a year. This is not much, if it is well spent; if it is, it ought to be greatly increased. In any case the movement has reached considerable dimensions, in the number of pupils and of centres of instruction; and the time has come to examine just what it amounts to in actual teaching practice. While it undoubtedly contributes to efficiency in the routine of business, and creates opportunities for individuals here and there to rise ultimately to positions of influence, its direct effect is limited, in the main, to the lower grades of economic activity. To see what is possible in the way of training for the upper grades of business service and direction, it is necessary to turn to institutions of other kinds; especially to those of a university character.

Accordingly the second study is occupied with the German universities and commercial colleges. For devotion to knowledge for its own sake and for achievements of the highest quality in many branches of humane and physical science, the educated world, during a large part of last century, was in the habit, and very justifiably in the habit, of turning to Germany. It is, therefore, of great interest to observe the effect of the impact of new necessities on the

German system of university education. The partial breakdown of the old methods, and their supplementing by forms of organisation not unlike those long characteristic of England, is a subject on which little is known in this country.

Meanwhile in the New World, the universities, less wedded to tradition than in either Great Britain or Germany, have independently taken a line of their own which is closely in touch with the vast industrial expansion of their country. and is fertile in new and ingenious forms both of business training and of economic research. That is the subject of the third study. Some of the tendencies in each country I have not hesitated to criticise; they seem to me exaggerations of principle which are likely to hamper desirable progress. But it is certainly a fact of large significance that, in countries so different as Germany and America, a powerful current of public opinion, with much enthusiastic and competent academic support, is seriously engaging itself with the problem of Higher Commercial Education.

To these three new studies I have ventured to add the paper on *British Universities and Training for Commerce* which I had the honour of reading before the Second Congress of the Universities of the Empire in 1921. I have no reason to add to it now: it may be regarded

as giving the position to which I arrived during my four and twenty years of service in the University of Birmingham. When I was called upon in 1901 to organise the first university Faculty of Commerce in this country, I naturally consulted leading business men in the Midlands. But I took advantage also of my experience as a member of the thriving and wide-embracing Department of Economics in Harvard, as well as of the suggestions derivable from the new commercial college of Cologne; and perhaps, at the back of it all, were ideals drawn from Oxford. I have always been of opinion that it is not impossible to combine the old ideals of culture and conduct with new and what might seem merely utilitarian subjects of study. It may fairly be said, I think, that the Birmingham experiment has justified itself. *Solvitur ambulando!* I have seen several university generations of immature boys of seventeen or eighteen pass out into the commercial world after three years; and when I have come across them afterwards I have found them efficient men of business and citizens of liberal interests.

Since 1901 other British universities have established Faculties of Commerce, each on its own lines, varying according to the needs of the locality and the size and views of the available teaching force. Higher Commercial Education,

even in the British universities, is now a not inconsiderable phenomenon, scanty as it still is by the side of what American and German universities have to show. It is destined, I think, to grow. But there is still need for fresh thought on the purposes to be pursued and the means of attaining them.

I have to thank numerous kind correspondents in England, Germany and America. Among these I should like especially to mention Professors Taussig of Harvard, Secrist of Northwestern, and Marshall of Chicago, Universities; and Professor Harms and the *Wirtschaftsarchiv* of the University of Kiel. Much useful information has been given me by the Board of Education, the Education Department of the London County Council and the several English examining bodies.

WILLIAM ASHLEY.

Canterbury, July 31st, 1926.

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COMMERCIAL EDUCATION

I

COMMERCIAL EDUCATION IN ENGLAND UNDER THE BOARD OF EDUCATION

§1. EVENING SCHOOLS: THE JUNIOR COURSES

By far the larger part of the commercial education supervised by the Board of Education is in evening schools. Since the suspension of the Fisher Act, as before, it is beyond the age of compulsion, and must rely on voluntary attendance. It suffers from such disadvantage as may result from the fact that those who benefit by it come to their classes wearied—by far the larger number of them—with a full day's wage-earning. It benefits, on the other hand, from such advantage as may result from the greater eagerness and definiteness of purpose which may be supposed natural in those already in contact with business necessities.

A Memorandum of the Board of Education issued in 1919 classifies the instruction provided as Junior, Senior, and Advanced Courses.

By Junior it means Courses occupying normally two years and intended for pupils proceeding at the age of about fourteen from an elementary school. By Senior, as the term implies, it means Courses again normally occupying two years, but intended for older students, from the age of sixteen upwards, who either (a) have been through a Junior Course, or (b) come direct, at about sixteen, from a day Secondary School, or (c) are fitted for such instruction by more mature years and experience of life, though devoid of formal education beyond the elementary stage. Whether these three very different types of scholars can be taught in the same classes may be gravely doubted ; for the present we must follow the official classification. Advanced Courses the Memorandum defines briefly as such as are open to students who have completed a Senior Course and to others who are fit to profit by the instruction.

The Memorandum then proceeds to set forth the principles upon which Courses for each of these several grades should be founded. In the present section we shall confine our attention to the Junior Courses, and consider the relation of principles to practice.

Nothing could be better said than the statement of principles. Commercial courses of this grade " should be designed to consolidate

a knowledge of the fundamental arts of calculation, and of expression, whether in speech or writing, and to train students more thoroughly in the use of books and other instruments of knowledge. If proper subject matter be chosen for calculation, composition, and reading, and suitable methods are followed, students will be trained to think effectively upon matters related to their daily working life." In simpler and more old-fashioned language, this is simply 'reading, writing and arithmetic' construed liberally and taught sensibly. It is to be remembered that we are now dealing with boys and girls of fourteen and fifteen years of age. With such young people the main object must be to cultivate general intelligence. But almost all of them, even if they are not going to be clerks, will be employed in work in which a reasonably legible handwriting, rapidity and accuracy in comparatively simple calculations, ability to carry out instructions, and an alert bearing will be valued and rightly valued by their employers from the first. As they get older, the ability to make a clear report in writing or by word of mouth, involving in varying degrees memory, sense of order, and ability to generalize, and that sort of interest in the purpose of a task which stimulates the practical imagination to depart from routine—such quali-

ties will usually have an opportunity to make themselves felt, for the benefit of the individual's earning capacity, and incidentally for the benefit of English industry and trade. And, without forcing the utilitarian note so strongly as to bore the young mind, the reading and compositions and calculations can be given such a turn towards economic affairs as will help the pupil to realise that business is interesting. For it is the apparent want of interest in business life which causes the mental indolence which is too common in all grades of the business world.

But the qualities which help a boy or a girl in the earlier years of their working life are also, speaking broadly, qualities which contribute to making him an intelligent citizen, and which add to the happiness of life. It must be recognised, indeed, that no course of studies can be appropriate for every particular boy or girl. A boy may have the gifts of an artist and never be able to master decimals ; his handwriting may be excruciatingly bad, and yet he may become a great inventor, or even organiser of men, if circumstances are propitious. But no curriculum can provide for very exceptional cases ; and, after all, attendance at commercial courses is entirely voluntary. And, on the whole, it would appear that, at this stage, the general training of the mental faculties and provision

for immediate utilitarian needs can quite easily and smoothly be combined.

The Memorandum next sketches the curriculum suitable to carry out the principles laid down. The essential subjects in each year must be English and Arithmetic (two hours each); elective subjects may be Shorthand or Geography, one or both (for two hours more): making an attendance of three evenings in the week, each for two hours. Two other subjects are mentioned as suitable additions to the fixed subjects—Principles of Accounts and Elements of Commerce. The former, it suggests, should always be associated with the Arithmetic, in one or both years of the course; the latter may be taken in addition to the Accounting course in the second year or in lieu of it in the first year, as the authorities of each particular school may determine.

Such then are the principles and recommendations of the Board of Education. We have now to see the difficulties in the way of their realisation.

In the first place, it has to be remembered that the actual provision of the schools and of the teachers is the duty of the local educational authority—a Committee of the City or Borough or County Council—and that much will depend on the competence of the teachers

and on the suitability of the school buildings. When the teachers are persons also engaged in teaching during the day, their instruction is likely to suffer in vigour and effectiveness; and meagre remuneration will greatly limit the number of highly qualified instructors. On the other hand it must also be remembered that you can provide water for a horse but you can't make him drink: in this case you can't even compel him to come to the trough, or keep him there. And these two conditions react on one another. Unattractive teaching fails to attract; on the other hand a paucity of students will too often result in provision poor in quality and therefore unattractive.

Junior Commercial Courses are commonly conducted in Evening Continuation Schools. Of these there are many in every important urban area. In London the teaching is organised in Junior Commercial Institutes or as sections in General Institutes; altogether there are some ninety such centres.

What in fact the existing Continuation Schools and Junior Institutes are mainly occupied in doing, as measured by the attendance of pupils, is in teaching shorthand and book-keeping for one year. Take the situation in London. The statistics for the year 1923-24 divide the enrol-

ments into those in classes forming part of "grouped courses of instruction covering (as a rule) six hours a week," and those in single subject courses of at least 20 hours duration. The registration in all the classes in grouped courses was, of first year students, 16,457; of second year students, 4,882. Evidently the large majority of pupils come only for one year. Some centres provide third year courses; but as these only attracted rather over 100 entries in all, students in the Junior Institutes staying more than two years are quite negligible in number.

Of the class entries for the first year over 51% were for shorthand; shorthand and book-keeping between them attracted 81%. An 'introductory Commercial' class attracted about 9% of the entries; and 'Languages' about 7%.

Of the second year entries some 59% were for shorthand, and almost 92% for shorthand and book-keeping.

The enrolment for the several single subject courses for the same year was 6,346. No doubt many pupils took two such subjects, and some may have come back for a second year: these are all included in the figure given. Shorthand and book-keeping entries (in the proportion roughly of two to one) only made up

less than 19% ; but now typewriting comes to the front with almost 38%. Elementary Arithmetic accounts for 16%, and English in all stages (but in fact almost entirely elementary) for about the same proportion. Of the whole body of commercial pupils, the girls outnumbered the boys in the proportion of two to one.

The experience in the Evening Continuation Schools in the chief provincial cities is of the same kind. There is always a great falling off in the numbers entering for a second year, and there is the same preponderance of Shorthand; with Book-keeping and Typewriting making up most of the other entries. Thus, in one great city with over thirty-two Continuation Schools and three thousand individual students, while for the grouped courses in the first year 60% enrolled, for a second year only 30% enrolled. In the great majority of the school courses Shorthand, here as in some other places, was actually a compulsory subject, and 79% of the first year pupils in fact took it. In some courses Book-keeping was also compulsory, and some 59% of the pupils took it; but some of those registered for that subject were in fact taking Shorthand. English was nominally compulsory in most courses; but exemp-

tions were allowed for slight reasons. In most cases Arithmetic was not compulsory. The preponderance of Shorthand and Book-keeping was increased by the fact that these were the subjects commonly taken by the fringe of single course pupils.

The attendance at these schools was preponderating feminine: 78% belonging to that sex. And instead of the pupils consisting entirely of young people for two years after they had left the elementary school, almost 15% consisted of girls and boys still at the elementary school, while at the other end there was a similar proportion actually over 18 years of age.

Elsewhere the preponderance of female pupils was less marked or disappeared, though they everywhere constituted a large proportion of the whole.

As to the instruction provided, it is probably sufficient to give industrious pupils such a working knowledge of shorthand as subsequent practice would develop into efficiency. In other subjects, with of course many cheering exceptions here and there, it is perhaps as good as can be expected with the present remuneration of teachers. The Book-keeping, taught, as it commonly is, by men without actual office experience, is often formal and not particularly intelligent. That its general principles should

be taught in conjunction with Arithmetic, as the Board recommends, would probably require in many places teachers of a different type from those now available. The teaching of English is of very varying quality. A few schools are fortunate in possessing teachers who themselves enjoy good prose and even verse, and succeed in communicating their interest. In many others the class is either too much occupied with formal grammar, or listens in hardly broken silence to the reading of some classic of English fiction for which their education has not prepared them. The teaching of composition is largely neglected.

With a desire to provide obviously useful courses for boys and girls who are going into offices, some evening schools offer classes in what is variously called 'Commercial Correspondence,' 'Office Routine' or 'Business Methods.' The instruction, as a rule, consists of information dealing with post office regulations, the addressing of envelopes, formulæ for beginning and ending letters, cheques, commercial abbreviations, indexing, the card system, &c. Where the course goes on into a third year, it may include some Précis writing (which would be better introduced as part of an English course), some Accounting and even what is called Economics. But the third year courses—

whose desirability in Junior Schools is very doubtful—are few and scantily attended; so that we need here only consider 'Business Methods' and the like as taught in the first two years. And, as there presented, the subject involves great waste of time. Information stated as mere fact without rationale makes no demand on the reasoning faculties and has little educational value. Most of it an intelligent boy or girl can quickly pick up in an office without much conscious effort. As for the rest, some of it, such as the forms of correspondence, would naturally come in a sensible course in English composition; and other parts of it a pupil, if he could spare the time from more important subjects, might be told to read for himself in one of the numerous handbooks, with a little sympathetic help from a teacher.

The contrast between the principles asserted by the Board of Education and the existing position is thus very evident. The principles aim at the development of intelligence, and this by means of a training in expression, in written thought, and in quantitative calculation, which is desirable in all persons engaged in the production and distribution of commodities and services, and which would incidentally contribute to effective citizenship and worthy human life. But the Board has little coercive authority: it has

to rely on its powers of persuasion. And it has little support in the opinion of those with whom it has to deal. Attendance is voluntary; and young boys and girls, ignorant of their own intellectual deficiencies, naturally ask for instruction in the subjects which they think will enable them to obtain employment. When pressure is put upon them to take 'grouped courses,' it has little effect in widening their training if the requirement can be satisfied by combinations of popular subjects. And the business world, constantly complaining as it is of the failure of young people in rudimentary education and briskness of mind, does not know how to secure what it wants and is unwilling to pay for the more intelligent teaching it would require. And so local educational authorities not only yield to the demand for instruction in shorthand but even in some cases make it compulsory on all who desire to take 'grouped courses.'

The present educational diet provided, moreover, so far as it is of use at all, is only congenial to those engaged in, or looking forward to, the work of clerks. But the number of young men who, from the force of circumstances, enter upon manual industrial work is far greater. It is a mistake to suppose that all the instruction all of these can benefit from is

'technological'—such as is given in 'trade' schools or 'technical classes.' To rise to management in factories or mills—to say nothing of preparation for citizenship—they need the sort of general education which a sensible teaching of English and Arithmetic could be made to furnish. But there is often no readily accessible provision for them other than in the commercial continuation schools. And when they do resort to them—and in one important city, which is much more manufacturing than commercial in the narrower sense, forty per cent., in a recent session, of the junior commercial pupils were engaged in industrial occupations—the lack of any evident connection between, let us say, book-keeping as there taught (not to speak of shorthand) and their daily avocations causes many to fall away before the end of the first session, and most of the rest to fail to reappear in the following year.

The function, then, actually fulfilled by the Junior Courses maintained by educational authorities is to help to provide business men with clerks, and these consisting preponderatingly of women shorthand writers and typists. In this work they compete with the many private venture Business Schools, some of which—with their branches in all important towns—must be profitable concerns. But as

these Business Schools are day as well as evening schools and in any case charge relatively substantial fees, while the publicly-provided schools are evening schools for those whose parents cannot, or think they cannot, dispense with their earnings, and are either gratuitous or charge very low fees, they appeal in many places to a different economic stratum of the population.

To say that the value to the nation of these courses is limited in the way described is not to say that it is non-existent. Modern economic activity does call for a great army of clerks. And there is no reason to suppose that ordinary routine clerical work is worse done in this than in any other great country. But for the development of higher qualities than those required for routine work, the country must, as things are, look to education of other grades.

§2. EVENING SCHOOLS: THE SENIOR COURSES.

We have seen that the Junior Courses, as contemplated by the Memorandum, should aim at giving a general education—the education obtainable by means of instruction in English and Arithmetic. We have seen also that this desire is by no means realised in actual practice. For the Senior Courses the Memorandum recognises a predominantly vocational purpose. The

young men and women attending these courses as evening students are employed in commercial work during the day time. "The function of the evening school is, therefore, to supplement practical experience by a course of studies which will broaden the student's outlook, enable him to realise the nature of the work in which he is taking a small and specialised part, and train him in the power and habit of thought in relation to business."

This could hardly be bettered as a statement of the object in view. Some doubt, indeed, arises when we look at the curriculum which is recommended for the purpose. It should consist, it is urged, of Business Economics, Commercial Arithmetic and Accounting as essential constituents in both years, and occupying two thirds of the time at disposal; with English, Modern Foreign Languages and Shorthand as elective subjects for the other third. Other elective subjects—especially if the course, as in some centres, extends to a third year—might, it is suggested, be the Technology of a particular industry, the study of a special group of Commodities, Economic Geography and Economic History. Two special categories of students are, however, recognised. There are those who are chiefly anxious to acquire a knowledge of foreign languages. For these, Commercial Arith-

metic as a separate subject might be dropped to allow of greater time being given to languages. And there are the large number, especially women, who want to become shorthand typists; for them, Commercial Arithmetic as a separate subject might be dropped to give room for Typewriting; or if they are women, 'many of whom regard a business career as of only temporary duration,' they might be permitted to take 'a minor clerical course' consisting mainly of Shorthand and English, with a weekly period for Typewriting, and another weekly period for a single course including what is called 'Commercial Knowledge and the Principles of Accounts.'

What now is the actual practice in the schools? As before we may begin with London. The instruction under the London County Council is carried on at some 24 Institutes. In only six of these in a recent year was there a 'Commercial Course,' which perhaps includes some of the elements of Business Economics or Commercial Knowledge as understood by the Board of Education. In grouped courses of instruction covering (as a rule) six hours a week, there were for the first year, in 1923-4, 4,840 enrolments. Of these, almost 23% were in Shorthand; in Shorthand and Book-keeping together about 40%. Languages attracted over 12% of the

entries; and when it is added that almost 11% took a 'Civil Service Course'; over 8% a 'Professional Preliminary'; and well over 15% various special professional and trade courses, ranging from the needs of Solicitors to those of Retail Meat Traders, it will be seen how relatively few must be the entries for the 'General Commercial Course' which can alone provide some elements of the Business Economics which the Board of Education thought so essential. In fact, they account for under 7½% of the whole number of entries.

When we pass to the entries for grouped courses in a second year, we find the total number (not of students but of enrolments in particular courses) was 3,274. It would seem therefore that about two out of three of the senior students continue their studies for a second year: a much more encouraging state of things than is presented by the Junior Courses. 41% of these registrations were for Shorthand; almost 22% for Book-keeping and Accountancy; almost 19% for Languages; and for the second year of the 'General Commercial Course' about 9%.

Several of these Institutes provide third year courses, and, in a few cases, courses for even later years. The total number of enrolments in third year and later classes was 2,319; again, in

itself, an encouraging feature. Shorthand accounted for almost 46% ; Book-keeping and Accountancy for almost 23% ; Languages for 13%; and the third year ' General Commercial Course' for 10%.

In these Senior Institutes, as in the Junior, besides the students enrolled in grouped courses there are a large number registered in single subject courses, though they may of course be actually taking more than one subject. The total number of single subject registrations in all the courses in London in 1923-4 was about 25,590. The list of courses and attendances shows a large activity and a very considerable range of opportunities provided. But the preponderance of certain subjects is again very marked. It becomes wearisome to deal too persistently in percentages ; a juxtaposition of the actual figures will be sufficiently instructive.

Total registrations	Registrations in particular subjects	
25,590	Shorthand	4,980
	Book-keeping and Accountancy	2,771
	Typewriting	1,964
	French	6,068
	German	1,423
	Spanish	1,082
	Italian	619
		18,907

Book-keeping, Shorthand and Typewriting, together with Modern Languages, make up between them three out of four of the enrolments. The modern language group alone, if we add certain small classes in other languages omitted from the above list, represents about one third of the whole.

Before commenting on these figures we must look at the situation in the provincial cities. In most of the County Boroughs, it appears, the whole of the senior commercial work is concentrated in central institutions, commonly known as Technical Schools or Institutes. Such schools were originally created for technological instruction ; commercial instruction, which here as elsewhere is the Cinderella of the educational family, has been an afterthought. Here there is often no clear distinction between Senior and Advanced Courses. In a few of the very large cities, however, the Senior Commercial Courses, like the senior technical courses, are arranged in branch schools accessible to students from the several districts. These may be ordinary secondary schools, used in the evening for this additional purpose, or special Technical Institutes.

If we look at one particular great city where this is the case, we find that, in a very recent year, almost 62 per cent. of the work done,

measured in 'student-hours,' was in Shorthand and Book-keeping; 15 per cent. in Foreign Languages. The 'Theory and Practice of Commerce'—whatever that might mean—accounted for not much over 3 per cent, and Economics for one half of one per cent. The only 'grouping' was that involved in the rule that students must attend on two or three evenings, which they can do by taking the two popular subjects. And little more than a quarter of their number returned for a second year.

Or take the case of another great city where professedly Senior Courses were given both in a Central School and in a number of district Institutes. Here the best work as well as the greater part of it was in Book-keeping, Shorthand and French. In one Institute there was a course called 'Modern Business Methods,' concerned with mere matters of clerical routine: and in another a course with the ambitious title of 'The Theory and Practice of Commerce,' from which the students were too immature to profit. In both institutes some teaching was given, and some pupils admitted, more suitable for Junior Courses separately organised; and, on the other hand, some subjects were attempted which might have been better left to Advanced Courses in the Central School.

Three conclusions emerge from this inspection of the actual position. One is that in the minds of the students—and doubtless in the minds of the general public, so far as they are acquainted with what goes on—the Senior Courses provided by local authorities, under the inspection of the Board of Education, are places where instruction in Book-keeping and Shorthand and Modern Languages for office use can be cheaply obtained. Among Languages the position of French is largely traditional, and the number of students it draws is greatly in excess of its relative practical importance. Another is that, so far as other subjects are included, the influence that has been at work has not been the recommendations of the Board of Education, which do not reach the prospective student and if they did would have very little weight, since they carry with them no obvious material premium or penal sanction. The influence that is increasingly at work is that provided by the rise of one after another professional or quasi-professional body, with its own examinations and examination requirements. Earliest among these were the Solicitors; after some interval, the Chartered and then the Incorporated Accountants, and other more recent sectional or rival organisations in the same profession; then Banking Officials; then the Secretaries; and

still later Auctioneers and Estate Agents, Insurance Officials, Transport Officials, Municipal Officials; and half a dozen other nascent and sometimes competing organisations. The avowed object, genuinely aimed at by these bodies, is to promote the dignity and add to the efficiency of their members by appropriate and suitable secondary education and suitable subsequent studies. But the tendency is to make the profession, if not exactly a closed one save to those who pursue the prescribed studies, one in which those who have pursued them will enjoy distinct advantages. This will be increasingly realised by ambitious young men; it is going to be a growing factor in the eductional world of the future; and great is the responsibility which rests with these bodies in the framing of their requirements and in the conduct of their examinations. Already the demand for courses which will prepare for professional examinations has made itself heard by the educational authorities and been in some measure complied with, not only in the Advanced Courses, but in the Institutes intended mainly for pupils between sixteen and eighteen. Thus, in the various London Institutes, there were in 1923-4 as many as seventy-four Law courses given, bearing as many as seventeen different names; evidently most of these were planned

to meet differing professional requirements. Seventeen Insurance courses were given, bearing five different names. There were also largely attended courses for railway officials, and one well attended course for relieving officers: while, besides elementary, intermediate and advanced Arithmetic, which one might have supposed sufficiently covered all the arithmetic there is, there was not only 'Commercial Arithmetic' at two places, and 'Secretarial Arithmetic' at another, but at sixteen places the interesting phenomenon of 'Civil Service Arithmetic.' Which reminds one that to the forces stimulating particular studies must be added the Civil Service examinations for the lower grades, especially in the Customs and Excise. When, at no distant time probably, the great administrative staffs of the local governing bodies are brought under a system of appointment after examination, the influence of their requirements on teaching institutions will be very considerable. The third conclusion that forces itself upon one is the almost complete disregard, in practically every centre, of the recommendation of the Board, made seven years ago and persisted in since by its Inspectors, that a course on Business Economics should form an essential part of senior commercial education. A course so named has been seldom offered;

and, where given, it has largely failed in its purpose. This may in part be due to defective organisation; as, for instance, where young boys of fourteen and fifteen have been admitted to such a course and taught side by side with adults; or to the incompetence of some of the teachers or their defective methods. But it is in part due to the very alarming prospectus of an ideal course, printed in the Board's Memorandum, its extravagantly wide scope, and its very large resort to mathematical calculations. No university to my knowledge professes to give the sort of instruction which would enable a teacher to conduct the course as there outlined. But, even if the course were attractive and competently taught, it would be long before it drew students in the same way as the 'bread and butter' courses, unless it were made compulsory. What would have occupied a prominent position thirty or forty years ago, viz., Political Economy, hardly appears at all—at any rate under that name; and no one who knows what Political Economy meant in the old Mechanics Institutes can be surprised at its disappearance.

§3. EVENING CLASSES: ADVANCED COURSES.

'ADVANCED INSTRUCTION' is explained in the Board's Memorandum as 'intended for students

who aspire to positions of responsibility,' and as 'open to students who have completed a Senior Course and to others who are fit to profit by it.' This, it explains, " will be best performed under a specialised curriculum, narrow enough in scope to permit of concentration upon the special problems of the type of commercial business in which the student is engaged and yet wide enough to promote adaptability and to supplement the training which a restricted business experience provides." This, of course, is an excellent ideal : it remains to see how it is to be carried out.

Two years of study have, it is assumed, normally to be provided for, with six periods (of an hour or an hour and a quarter) per week during the sessions. A number of grouped courses are recommended, three usually fixed and occupying four periods, together with certain elective subjects, whereof usually one is to be taken, occupying two periods. The several groups are either general and intended to meet the requirements of certain large categories of students ; whether (a) purely commercial (and in that case according to whether engaged in the home trade, retail or wholesale), or (b) engaged in the commercial side of industry : or are designed for the employees in certain particular large occupations, such as Agriculture, the Fishing

Industry, Mining, Building, Transport, or some other specific industry: it being remarked that 'it will naturally be impossible to cater for any except homogeneous classes of students, each sufficiently large to warrant the expenditure of public money.'

Most schools will presumably offer one or more of the general groups, whatever it may attempt to do for particular occupations. Six such possible groups are mapped out. Among the fixed subjects, commonly three, 'General Economics' appears in five out of the six: in the sixth, it is one of four electives. 'Business Management and Methods of Business' appears in three; 'Trade Organisation and Business Methods' (which would seem to be much the same) in another. 'Commodities' is a fixed subject in three groups, and elective in another. Accounting is a fixed subject in one group and elective in the other five. Among electives Commercial Law appears in every group; and in every group also appears a Modern Foreign Language.

So far as subjects are concerned, these grouping schemes are similar in important respects to the curricula imposed on students of approximately the same age who are preparing themselves at British universities for the degree of B.Com.: in particular, they would seem to show

the influence of the University of Birmingham, or to indicate a spontaneous movement in the same direction. But it has to be observed that university students begin their commercial studies with the amount of secondary education implied in the passing of an examination qualifying for matriculation; that the degree curriculum is one occupying three years—which allows at any rate more scope for exposition and argument, in addition to dogmatic statement or mere narration; that most, in some universities all, the students are day students and are not tired by wage-earning; that the standard of acquirement has some safeguard in a compulsory examination, in which external examiners take part; and finally and most important, that a university can and does insist on a grouping such as the Board can only recommend and cannot enforce. The formal definition of a subject and of its contents matters much less where it is one of a number being necessarily taken during the period of study. English universities never reached that almost complete freedom of 'election' for which Harvard University under the leadership of President Eliot was so conspicuous a quarter of a century ago and which it has since abandoned.

We have now to consider the relation between

these ideal principles and schemes of study and the actual practice in commercial schools under the Board's inspection.

With some notable exceptions (among which may be mentioned the Manchester Municipal High School of Commerce and the Leeds Central School of Commerce, and in London the City of London College) evening commercial education of an advanced type is at present very poorly developed. Several important towns have a central commercial school, in some cases called a College; but there is little differentiation between Senior and Advanced work; and sometimes classes are also held there which are more properly of a Junior character. The advice of the Board of Education as to the desirability of the grouping of courses in the ways it recommends has not yet been generally followed; and the only combination of classes is often that which results from the requirements of professional bodies. The instruction in Economics very often takes the form of the dictation of notes. The teacher may be genuinely interested in the subject and may intelligently acquiesce in the substance of the text book he is following, even if he has not thought any part of it out for himself. And the matter may be correct—or rather, one might perhaps better say, over a large part of the field of General Economics,

may express a reasonably tenable view. But the dictation method infallibly leads a large number of the weaker students to rely too much on memorizing their notes: it is only too easy to retain a sound form of words sufficiently long in the memory to pass examinations therewith, without any exercise of the individual reason. It is a common experience for an examiner to find that candidates will shirk any direct answer to a question which involves a little fresh thought on their part as to the bearing of what they have heard on some matter presented to them in a novel way; they will fall back on the production of something from their notes which may, though they don't explain how, have some connection with the question; and hope to receive marks for their much writing. It is not infrequently that an examiner finds that a perfectly correct answer is followed on another page by something so inconsistent that the reason for the correctness could not have been understood. And the danger of non-intelligent reproduction is increased when the purpose of taking the subject is to pass a professional examination; and when the professional bodies are unable or unwilling to secure examiners with standards, both of questioning and marking, which will counteract the dangers inherent in the situation.

In some of the best of the institutions, a

majority of the students attend for one subject only, and for one session only. And the syllabus for a subject often covers far too much ground. It is common to find evening students, already tired with their day's work, endeavouring to cover ground in a single session's class, which day students in the universities spread over two or three classes in successive years. Broadly speaking, the syllabuses are too ambitious, both in the range and character of the topics set forth in print. The result again is that the teacher is tempted to hurry unduly over the ground and resort to dictation : and that the students, who really have not time to 'take in' their instruction, rely upon reproducing their notes. And yet such a class, attracting a large number of students and getting them through examinations, may in the eyes of the local authorities be highly successful.

There is one measure which local educational authorities can take—and which a few have already taken—which will contribute to raise the worse than mediocre standard of most of the professedly commercial education now given in central Municipal Commercial Schools and Colleges. And that is to appoint Principals who shall be not merely administrative officers, looking after the externals of time tables and attendance and fees, but shall also be educa-

tional chiefs, interested of course in the machinery but also in the purpose and methods of higher education, capable of advising staff and students, and doing what men of energy and general culture can do to maintain high standards not only of industry but also of thought. Such men the university Faculties of Commerce and Economic Departments are beginning to produce. That is, on the whole, the direction from which they are most likely to come. But Principals may have had their own training entirely in 'humanistic' studies, or even in what are called 'scientific' studies, if only they realise that in a commercial course immediate utility can be combined with real intellectual training, and indeed that utility itself can only be obtained on a low level until it is associated with a genuine movement of intellect. But such men will require adequate remuneration. They cannot be secured for less salaries than the headmasters of endowed secondary schools or than the heads of departments in fairly large businesses, and all their staff must be better paid. The fact is that municipal commercial schools have hitherto been starved in their material equipment and, what is worse, in their personnel.

§4. DAY COMMERCIAL SCHOOLS.

In London and in some of the large towns there are a number of Day Commercial Schools under the Education Authorities. These are of differing types. One great provincial city, for instance, has a Day School of Commerce, limited to students over the age of sixteen, with, in a recent year, some 130 pupils, consisting of both sexes in about equal numbers. But many of these pupils belong to a Matriculation form; though the existence of such a class in a School of Commerce is of doubtful expediency. Few, if any, of the teachers are able to devote their whole energies to the day school work. Part-time students are admitted; which adds to the difficulties of teaching. Much stress is laid on Shorthand and Typewriting. A class is conducted in Economics; but by its side are classes on 'Business Practice and Secretarial Work,' of the same character as those in Senior Evening Classes, and open to the same criticism.

The limitation in this case to students above sixteen may be compared with what is to be found in a certain London Polytechnic Institute. Here there is both a Junior Day School for boys and girls leaving elementary schools at about fourteen, and also a Senior Day School planned for young men and women leaving secondary

schools at about sixteen. The Senior School, which arose out of the courses provided for ex-service men, had recently under 50 students; and, though the regulations provide for two years of study, few stay more than one year. Evidently the Junior Day School, with its 125 enrolments, about equally divided between the two sexes, and almost homogeneous (in that most of them come from elementary schools) is considerably the more important. Book-keeping, Shorthand and Typewriting occupy a conspicuous place. 'Economics,' very wisely, is not attempted. But there is a good deal taught as Office Routine, which could be left to the pupils to pick up later in the office. English, History and Geography, together with Elementary Science, are included in the curriculum. Many of the pupils are very backward when they enter the school, and this is hardly to be wondered at. More and more does the system of scholarships from elementary to secondary schools take off the cleverer children from the elementary schools before they reach the age of fourteen. It is true that the mental development of children does not always proceed at the same pace: the children who show most ability at the age of twelve do not in all cases show the same superiority at fifteen. The Day Commercial School, therefore, does give a

chance to the boy or girl who begins to wake up intellectually later than the scholarship age. Nevertheless, it can hardly fail to be the case that many of the youths who have stayed at an elementary school till fourteen, and then are enabled to go to a Day Commercial School because there happens to be one accessible and their parents are in no great hurry that they should begin to earn, are ill prepared to benefit by the courses provided.

Between these two types of Day Commercial Schools, Junior and Senior, some local authorities apparently have reached no clear decision, and provide what is neither one thing nor the other. One city reaches down to an even more juvenile age, and provides a day course for boys between the ages of twelve and a half and fifteen and a half. This is simply a specialised Secondary School. While another ambitiously aimed at a Diploma Course for young people entering at sixteen and staying for three years, and found that only four students obtained the diploma in thirteen years.

We are now perhaps in a position to consider the general questions of educational policy which are involved in the existence of day commercial schools. And first as to schools for pupils of the ages fourteen to sixteen. It would seem inevitable that such institutions for pupils

coming directly from elementary schools, while they may give a certain proficiency in a subject like Shorthand, which requires chiefly memory and practice, should be of inferior intellectual quality as compared with the forms in ordinary secondary schools for young people of the same ages. Would it not therefore be wise to give up separate commercial schools altogether, and provide an education adapting boys and girls for commercial life in the ordinary secondary schools? This is already attempted in many secondary schools, and here and there with considerable success. If it can be done it will have this notable advantage: that it will provide instruction for all those pupils who (or whose parents) desire it, whether they have come from elementary schools to the secondary with the help of scholarships, i.e., speaking broadly, are from the working classes, or have been fee-paying pupils from the first, i.e., also speaking broadly, are from the middle and professional classes. The ideal of our present educational policy with respect to secondary schools—an ideal which is aimed at through the requirement that, in secondary schools receiving public money, a certain proportion of the scholars shall be ex-elementary scholarship holders—is an excellent one. It is to break down in the educational field, so far as it can be broken down, the ex-

cessively sharp social stratification or caste system which, until recently, has existed in English life, and still exists in too large a degree. The scholarship system appeals to the equalitarian spirit in a democratic age by giving children of the working classes a better chance of rising in life: it helps to provide 'a career open to talents.' It has this social justification, that it helps to put at the better disposal of the community all the ability that is latent in the population. But a great merit of the system which is often forgotten is this: that the industry of most and the ability of some of the ex-elementary pupils serve as a stimulus to the rest of the scholars, while the ex-elementary benefit in their turn from the refinement and traditions of culture characteristic of many of the fee-paying students. Separate commercial schools involve in practice, to no small extent, precisely that segregation of working class children which it is our general policy to avoid. A minor objection indeed, to the abandonment of separate commercial schools is that such a decision will involve a disadvantage—a loss of opportunity—to elementary scholars who did not pass to secondary schools with scholarships. This will be mitigated as the scholarship system becomes more generally known among the working population, and as the scholarship tests are made more

sensible. For such few boys of ability as stay in the elementary schools to the end and then (themselves or their parents) are ambitious of a clerkly and blackcoated occupation, the private venture Commercial Schools and Correspondence Classes offer opportunities of which they can take advantage. These are not so good, in the sense of not being associated with a general intellectual training, as an ideal commercial school could provide: but they are little inferior to those which most boys are likely to get from public commercial schools as in fact they are likely to be.

A greater present objection is the low standard of much of the work done in the commercial classes of secondary schools—though there is no reason to suppose that it is lower than in separate commercial schools. This is partly because the classes are too often regarded as a refuge for pupils who are unable to do well in the conventional standard subjects. And it is partly because the instruction given is of less educational value. The headmasters have often no clear idea of what 'commercial' ought to mean, and are inclined to take the line of least resistence and introduce subjects with a commercially sounding title. But it cannot be too often repeated that the essential need is to cultivate and stimulate intelligence. The old

school subjects well taught are, for the great majority of pupils, a better education even for business than new subjects ill taught. 'Business Practice' or 'Office Routine,' as it is ordinarily understood, should not be taught at all: with the aid of any one of a score of available books, an intelligent boy can learn in private reading at home in a very few hours all he is likely to find useful for several years to come; and if, in later life, he has to deal with complicated business technique he can learn it in the office or get it up from accessible books as he wants it. 'Commercial Geography,' again, too often means a mass of unrelated information about the sources of 'commodities': educationally, it is far inferior to general geography sensibly taught. The less specialisation in avowedly commercial directions the better. The industrial and commercial aspects of modern history can be dwelt upon, if not in excess, to the advantage of all pupils. Arithmetic already lives on practical business examples: it needs only that more stress should be laid on facility and accuracy. The teaching of English is already being greatly improved : less time is being given to parsing and more to the actual reading of well written books and the practice of composition. 'Political Economy,' as presented by the ordinary text books, is too difficult a subject and too

controversial for young people of that age : but simple ideas like ‘ division of labour ’ or the evils of indiscriminate charity can easily be conveyed to the elder boys in the course of lessons in History. But it must be borne in mind that the young people we are considering are not going only into the offices of merchants or shop-keepers. They are going also into the offices of manufacturers, and they are going into the workshops as engineers or other mechanics. Shorthand is not desirable for all of them : it will be useless to many and dangerous to some : it should be a voluntary course outside the ordinary class-hours. Probably the only course which should be prescribed for all on the commercial and industrial side of secondary schools is quite elementary Book-keeping, which should be very closely associated with Arithmetic, and made as interesting and as little formal as possible.

As to Day Commercial Schools for students of the ages sixteen to eighteen (or, as it is sometimes proposed, to nineteen), although excellent work is doubtless being done in one or two places in such a school, it is hard to see that they can have any considerable or perhaps any permanent place in our system. Boys of sixteen with a good secondary education can usually find employment without any further commercial

education; and this will be even more the case when secondary schools have efficient commercial departments or classes. Moreover, account must be taken, first, of the growing diffusion of the practice of working in secondary schools towards examinations which will be accepted for matriculation at the universities; and, secondly, of the lower age at which that is now taken. In the newer universities, and to some extent in the older, the age at entrance is returning to earlier practice and becoming younger. Young people ought not, save in very rare cases, to go to a university before they are well over seventeen; they are very seldom mature enough in mind and character before then for a real university education. But it is now easily possible for a boy or girl to pass a qualifying examination when they are a few months over seventeen. If parents are disposed to postpone the entry upon wage-earning until eighteen (still more, if until nineteen), they may be increasingly inclined to leave them at school till seventeen, passing a matriculation examination in their last year, and then to send them to the Commercial Faculty of a university where they can get a degree soon after they are twenty. At a university, without disparagement of the day commercial school, it may fairly be said they will get better instruction in the subjects com-

mon to both institutions. They will benefit by the greater maturity of the two additional years, which will enable them to get more out of those studies in Business Policy and Business Administration which will be valuable to such of them as ultimately reach positions of responsibility. And they will have the great advantage of association with a larger variety of types of character and origin among their fellow students.

§5. EXAMINATIONS.

SUBMISSION to an examination test is voluntary on the part of the commercial students at state-aided evening or day schools and institutes, or of students following courses of the various private commercial 'colleges' and correspondence courses. But a very considerable number do in fact present themselves at the examinations held by certain important public bodies, under pressure from their respective schools or in the hope—in many cases, a justified hope—that certificates of proficiency will assist them at the outset of their careers. The three most influential bodies which in Great Britain conduct such examinations are the Royal Society of Arts (a Society founded in 1754 and incorporated

by Royal Charter in 1847), the London Chamber ot Commerce (which has been doing work of this sort since 1889), and the Union of Lancashire and Cheshire Institutes. These bodies are recognised and utilised in various degrees by the local educational authorities : thus, in London, the administration of the Society of Arts examinations (apart, that is, from the actual setting and marking of the papers) is controlled and supervised by the Education Committee of the London County Council. The examinations of the London Chamber are similarly supervised by a number of local education authorities, and they also have the support of several local Chambers of Commerce. The magnitude of their operations may be gauged by the number of entries for the examinations in the several subjects (many of the candidates, of course, taking more than one subject in the year). These were for the Society of Arts in 1925, 70,638 ; for the London Chamber of Commerce 22,114 ; for the Lancashire and Cheshire Union, 32,120. There can be no doubt that the three bodies are performing useful service for the community. They give young people something definite to work for ; they certainly tend to promote efficiency ; and they are securing increased attention from employers in the appointment and promotion of their staff.

But to gauge the meaning of the above figures they must be analysed, and regard must be paid to the preponderance of particular subjects. Thus out of a total of 70,638 entries for the Society of Arts examinations:

36,952 were for Stage I, Elementary, of which some 26% were in Book-keeping; in Book-keeping, Shorthand and Type-writing together, 56%. The only other large numbers were Arithmetic, about 15%; English about 10%; 'Commercial Correspondence and Business Knowledge' about 8%; and French about 7%.

25,427 were for Stage II, Intermediate. Of these, the entries in Book-keeping, Shorthand and Typewriting made up 66%. The other large numbers were in the same subjects as for Stage I.

8,259 were for Stage III, Advanced. Of these, the entries in Book-keeping, Shorthand and Typewriting made up 68%. This is not including the 7% who took the subject of Accounting which was clearly a difficult one, to judge from the syllabus, and in which almost half the candidates failed.

There is a remarkable similarity between these percentages and those which appear in

the examinations of the London Chamber. Of the total number of entries, 17,626 in 1924, 12,245 were for the Junior Examinations. Of these 55.6% were furnished by Book-keeping, Shorthand and Typewriting. The Chamber, unlike the Society of Arts, examines in Handwriting. If the entries in this subject be added, the four subjects account for 69% of the entries.

4,632 were for the Senior Examinations. Of these 66% were for Book-keeping and Accountancy, Shorthand and Typewriting.

749 were for the Teacher's Diploma. Of these, the same three subjects accounted for 70%

Each institution, of course, examined in a good many other subjects ; and in most of these, as in the more popular subjects, good work is undoubtedly being done. But quite two thirds of all the preparation and examination is in Book-keeping and other and minor clerkly subjects.

Some further light on the working of the present system is cast by the proportion of failures to total entries. In the case of the Society of Arts, taking all three stages together, this was in 1925 almost 33%. In the case of the Chamber, similarly combining all three examinations, it was in 1924 about 46%. It is impossible to draw from this comparison any confident conclusion as to the relative quality

of the candidates or the relative standard of examination. The nominal standard for a pass may be 40% or 50% of the total marks; but the effect of such a standard depends on the way in which marks are allotted to the several answers. Experience shows that it requires some strength of mind in the several examiners and in the bodies for which they act, and this persisted in for a series of years, to prevent standards being adjusted to the calibre of the candidates presenting themselves. It is exceedingly difficult for any examining body to maintain standards which seriously affect the flow of candidates. It was for years, and presumably is still, the policy of the Society of Arts not to enforce standards which would lead to the failure of more than a third of the candidates entering, since this would be 'an undue amount of rejections.' And therefore, though there can be no doubt that the teaching which these examinations have both tested and stimulated by the proffer of certificates has contributed to the supply of efficient clerks and, from among these, of a certain number of men who have subsequently shown business initiative, it is quite impossible to measure this contribution statistically. The London Chamber since 1890 has granted 116,000 certificates in particular subjects. But when one considers how medi-

ocre must, in the nature of the case, be the acquirements which many of these certificates represent, and the further fact that the number of individuals presenting themselves was far less, since a large proportion took more than one subject, it is apparent that the assertion that 'the Chamber has contributed to British Commerce more than a hundred thousand efficients' is remote from any statistical foundation.

And concern as to the value of the product is heightened by what the examiners tell us of the quality of the examination performance. The Society of Arts, with the help of its examiners, has for many years taken particular trouble with its reports on this vital matter; and it will be sufficient to cite their testimony. Year after year, in subject after subject, the examiners report that 'a great many candidates fail because they will not, or cannot, read the questions intelligently.' 'If a candidate,' says the General Report for 1925 very justly, 'is asked one question and he answers another, it either means that he does not know the answer to the question set, or worse still, that he is incapable of understanding the meaning of the words used.' In the subject called 'English,' 'there are a few excellent papers, but the proportion of these is far smaller than one would like to see; and there is a large percentage of work which is very poor

indeed. Comparatively few candidates can put together a clear, relevant and logical essay; and unfortunately this weakness in English composition is commented on by almost all the examiners in the various subjects. The teaching of composition appears to be one of the weakest spots in our whole educational system.' This common failure in mental grip might disturb the enquirer less if it were confined to the subjects, like Economics, taken by relatively few candidates. But the same is true in the popular subject, Book-keeping. Book-keeping (of various grades) is a necessary element in all commercial education: it can be so taught and studied as to be a real mental discipline. But as in fact taught and studied, the outcome is very generally unsatisfactory. The examination in the subject combines exercises and general questions. The general questions, we are told, 'were poorly answered by those candidates who attempted them, and a very large percentage of candidates ignored them altogether'—obviously because they called for an unwonted mental effort. The exercises seem to be the mere arithmetical application of remembered rules; but even here they very often fail to read the question, and 'the arithmetic of candidates is bad.' In general, 'answers show indications of parrot learning; anything

unusual in the question floors many candidates, from which it would seem that much of the instruction given them is memorized rather than understood.' It is amusing to be told that 'candidates appear to expect all examination exercises to result in a trading profit,' but it is not a laughing matter when one thinks of international competition. In typewriting, which might seem to demand but little exercise of the thinking powers, the examiner reports, after a quarter of a century's experience, that though there has been improvement in manipulation, there has been a deterioration in spelling and punctuation. "It would appear," says the Committee's report, "that the greater facilities now offered have encouraged too many young people to take up typewriting as a livelihood, for which they are educationally unfitted."

The Union of Lancashire and Cheshire Institutes, with its office in Manchester, arose from an association of Mechanics' Institutes which was created as long ago as 1839. 'As the outcome of the Technical Instruction Acts, and of the Education Act 1902, the Union,' according to the last General Report, 'is now virtually a federation of the local education authorities for higher education in the geographical counties of Lancashire, Cheshire and Westmoreland, in the High Peak parliamentary division of Derbyshire, and

in the Isle of Man; these authorities contributing the examination fees of students presented from recognised institutions within their respective areas.' It is a vast examination machine through which in 1925 passed as many as 88,403 'exercises.' The great majority of these were in 'technical subjects,' with some 10,000 in 'domestic.' But 32,120 were in 'commercial' subjects; about half as many again as the entries for the examinations of the London Chamber of Commerce, but not half as many as went through the tests of the Society of Arts.

The regulations for examination, with their detailed syllabuses, evidently determine the nomenclature and arrangement of studies throughout a large and very important part of England. They are divided into Preliminary and Senior. The Preliminary are intended for evening students from about fourteen to sixteen years of age; and they account for just about half the candidates presenting themselves. They are divided into two 'Parts,' for either of which candidates may enter. The subjects are the same but the standards are different. The difference is discreetly formulated in the phrase: 'the Certificate in Part II is regarded as qualifying students to pass on to studies of a more advanced character.'

The Union has honourably distinguished itself

for many years by its policy of encouraging grouped courses. In the Preliminary Commercial Examination, indeed, it gives only a Grouped Course Certificate. Following the advice of the Board of Education in its Memorandum, it makes two subjects obligatory, Arithmetic and Accounts, and English and Commercial Correspondence ; and the syllabuses in these courses seem well designed for the purpose. It requires in addition one out of three optional subjects, Geography, Shorthand and a Modern Language ; and approximately 85% of the candidates took Shorthand.

The Senior Courses are arranged under three years. Hitherto, for the first two years, the Theory and Practice of Commerce and Commercial Arithmetic have been compulsory subjects for a Grouped Course Certificate, and the Theory and Practice of Commerce also compulsory for the third year ; but in these Senior Examinations, as distinguished from the Preliminary, certificates are also given for single subjects ; a distinction the significance of which is at once apparent. Choice can be made from a list of optional subjects to satisfy the requirements for a Grouped Course Certificate ; and any subject can be offered alone. And so, while the entries for the three years in the Theory and Practice of Commerce were 1,454, 654, and

370 respectively, those for Book-keeping were 2007 (and for Shorthand 1,171), 987 (and for Shorthand 892), and 551 (and for Shorthand 960).

It is clear from the syllabuses and from the reports of examiners that some good work is being done by many of the teachers and many of the taught. But the efficiency of the examination tests is not very clear; and the obscurity is greater with respect to the more senior years. When the Examiner reports that in the 'Theory and Practice of Commerce' "there was too much tendency to repeat text book definitions without conveying to the Examiner any evidence that these definitions were understood"; or that, in the third year, "many students, though knowing the items in the Bank Return and able to give a specimen Return, did not understand the meaning of the items and had little idea of the functions and methods of the Bank of England," we may hope that these strictures do not apply to the candidates allowed to pass. But we cannot but recall the large use made in actual instruction of the method of dictation. It is noticeable, also, that the percentage of passes in the Preliminary Courses in 1925 was about 83, in the Senior Courses about 84; while, as we have seen, in the Examinations of the Society of Arts the passes were 67 per

cent., and in those of the London Chamber of Commerce 54 per cent. It may be that the Lancashire and Cheshire students are being better taught than those in similar institutions in London and elsewhere. But it is possible that the standard is lower. The Union prides itself on being essentially an association of teachers. "Teachers," we are told, "through the Advisory Committees and Examination Boards, take an active part in the work of the Union, especially as regards the 'moderation' (i.e. the revision) of the examination questions, and the appointment of examiners." And though this may be in some respects a source of strength, it may well be a source of weakness. For under such conditions, low standards tend to be self-perpetuating.

The three organisations we have considered are by far the most important. But they do not cover the whole of the examination field. Comparable in general organisation to the Union of Lancashire and Cheshire Institutes are now three other bodies: the East Midland Educational Union, with its centre in Nottingham, the Union of Educational Institutions with its centre in Birmingham, and the Northern Counties Technical Examinations Council, with its centre in Darlington. Certain county educational authorities, for reasons which are not very apparent,

have themselves entered upon the work of examining technical and commercial students in their evening schools and institutes. This is the case, for instance, in Kent and the West Riding.

The nature of the work done and examined upon in these areas does not seem to differ in any important respect from that which falls under the view of the three larger institutions already described. In all of them, on their commercial side, book-keeping and shorthand are incomparably the most popular subjects. In one or two cases the organisation prides itself upon pressing the group idea, and acknowledges the help it has received from the Board of Education's Inspectors in improving its curriculum in commerce and the syllabuses of the several courses ; while, in other cases, the organisation makes it clear that it is still in favour of the policy of allowing any single subject to be offered.

For purposes of comparison it may be added that, in 1925, the West Riding Board received 3,239 entries in the several commercial subjects. Of these 1,670 were for the Junior Course, and were awarded passes to the extent of some 80% ; and 1,495 for the two years (1,177 in the first and 318 in the second) of the Senior Course, with 74% passing. The great decline in the numbers for the second senior year agrees with what we

have already seen—viz., that the great majority of the senior pupils come for only one year. For the first and only year of the Advanced Course the examination entries were only 64.

The entries for the examinations of the East Midland Union in the same year were 1395 in number. Of these, 329 were in Preliminary courses and 75% were passed; while 979 were in two Senior years (703 and 276 respectively), with some 82% passing. For a further year, apparently corresponding to what is elsewhere known as Advanced, there were 77 entries.

§6. COMMERCIAL SCHOOLS NOT UNDER THE BOARD OF EDUCATION.

EVERYONE who is acquainted with London and its suburbs or with the provincial cities knows that there exist a large number of commercial schools run for profit. Three or four of these are thriving concerns with many branches; others are limited to a single town; and in any great city there are many rival ventures. Considering only the more important and well established of the schools, there can be no doubt that, within their range, these are reasonably efficient. They charge quite substantial fees, and yet year after year they draw thousands of

pupils who evidently must be able to find employment. The schools also commonly advertise that they will find engagements for ex-pupils, and they do in fact serve to some extent as labour bureaux.

They cannot of course be unaware either of the curricula of the publicly provided schools or of the requirements of the professional examining bodies, and they therefore announce courses outside the Shorthand, Book-keeping, and Typewriting which constitute the solid block of their teaching. But these still occupy a very subordinate position. Thus one large organisation with several branches in London and many in the provinces sends up some 4,000 pupils for the Society of Arts examination, but 80 per cent. of these were for Shorthand, Typewriting and Book-keeping. Such schools do not exercise any considerable pressure upon their pupils to combine courses of general educational value with bread and butter courses : in that respect they are inferior in principle, though less so in practice, to the publicly maintained schools. But then a large number of their pupils come to them a year or so later than the majority of those frequenting the council schools, and they include a greater proportion who have had the advantage of some secondary education and also perhaps come from more educated homes. There is, therefore, often

more justification for their students in taking only definitely vocational courses. In these they do quite as well—to judge from the results of the Society of Arts and the London Chamber examinations—as students from the publicly provided schools. As in the case of the latter, two thirds of the pupils (who seem mostly between the ages of fifteen and seventeen) are girls.

§7. CONCLUSION.

THIS review of the examinations confirms what has already been suggested by our enquiry into the courses of instruction. In general, the whole system of British commercial education in both evening and day schools, whether under public authorities or in the competing private enterprises, is at present second-rate, contributing less than it should to the production of routine clerkly efficiency, and contributing little to the promotion of the higher qualities of business judgment. It is futile to blame either teachers or taught. The teachers are mostly very hard-working and conscientious men, doing their best according to their lights. The taught, especially that great majority of them who go to evening schools, though many regard the

certificates mainly as plausible reasons for a few shillings more weekly wage, show admirable qualities: ambition, industry and persistence. Something can be done in the way of improvement by modification in the regulations: the Society of Arts is giving in this respect a commendable lead. For the syllabus subject 'Commercial Correspondence and Business Knowledge,' made up, as it has commonly been, largely of matters "hardly worthy of a place in a serious examination," it is now substituting a revised 'English' and a revised 'Commerce'; and so far, good. But the defects are deeper than can be cured by mere regulations. They result from a defective elementary education as well as from a defective commercial superstructure. It would be gratuitously foolish to say that elementary education has not already added vastly to the happiness and civilisation of the people, or to deny that even the commercial education already provided has been of service to the business community. The nation cares for education and pays much for it. It must care more and pay more, and even then look only for slow improvement. For, both for good and for bad, we carry with us our heredity.

But, while that is so, it would seem to be time to do two things. One is that the Board of Education should recognise that Commercial

Education is important enough to be given a status of its own, side by side with and not dependent on Technical, in the narrower sense. There seems no reason why it should not also present an annual Report on Commercial Education, which should bring together the statistics, and explain the policy of the Board in language understandable by the business community. Its Inspectors draw up valuable confidential Reports on the work of the schools in the chief centres; there seems no reason why the generalisations to which such Reports naturally give rise should not be announced to the general public, with discreet avoidance of reference to particular places.

The other is that an enquiry should take place into (1) the examinations at present conducted by such bodies as those whose figures are commented upon above, and (2) the requirements of the several professional qualifying examinations. While some of the existing examining bodies are certainly aiming high, under difficult conditions, a great examination machine with a large staff of examiners—and, still more dangerous, of administrative staff—tends to fall into a soulless routine. The principle of *external* examiners is one which might with advantage be introduced into some of the provincial systems. And, with a little concert between

the professional bodies and the leading educational institutions, it would be possible to do a good deal more for general culture and certainly not less for professional efficiency.

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The directions in which the Board of Education has been endeavouring through its Circulars and Inspectors to influence teaching are best learnt from the *Memorandum on Commercial Instruction in Evening Schools* (Circular 1,116), 1919. The history of the examinations of the Royal Society of Arts is set forth in an article in the *Journal* of the Society for April 16, 1909 (vol. lvii, p 431). The Society annually publishes in pamphlet form a *Report on the Examinations*, and also the *Examination Papers* in the several subjects. Some extracts from Examiners' Reports are also given in the *Syllabus of Examinations* published annually by the London Chamber of Commerce (Oxford Court, Cannon St.,

E.C.) ; and in the Annual *Report* of the Union of Lancashire and Cheshire Institutes (23 Blackfriars St., Manchester).

II

THE GERMAN UNIVERSITIES.

THE movement in Germany towards finding a definite place for commercial training in the modern university received its first very significant outward expression in the formation of the Handels-hochschule of Cologne in 1901. The statement may seem self contradictory; for a Handels-hochschule is not a University. But *Hochschule* is the technical German generic term, not for what in English is called a 'High school'—that in German is a *Höhere-schule* (that is, a school higher than elementary)—but for the very highest class of educational institution; a class which includes, with the universities, the great engineering and agricultural colleges. It was in itself a significant thing that the educational authorities should permit the application of this term to an institution which aimed primarily at the higher education of business men. Almost from the first, however, foreign countries, not familiar

with German nomenclature, have felt moved to call the Cologne School and one or two others like it 'commercial universities'; and, in recent years, the Cologne (1919) and Frankfurt (1914) Schools have expanded into universities recognised as such by the State and equipped with other Faculties besides the commercial. Not only is that so, but the pressure of public opinion and the example of the commercial colleges have caused the larger among the older universities in recent years to move on lines in somewhat the same direction.

The institution at Cologne was not absolutely the first to receive the title of *Handels-hochschule.* It had been preceded in 1898 by Leipzig: and an institution of somewhat the same character was founded at Frankfurt in the same year as at Cologne, 1901. But the school at Leipzig had, for some years, little unity or independence: it was a combination between an existing Higher Commercial School in the town and the university, which certainly did not tend in all respects to give dignity to commercial studies. Moreover, its direct relation to actual business life in Germany was long weakened by the fact that three out of five of its students were foreigners, and that of the rest a large proportion did not intend to enter business concerns but to become teachers in com-

mercial schools. The institution at Frankfurt (which called itself an 'Academy for Social and Economic Sciences') laid as much stress upon the training of state and municipal officials as upon the training of business men. Hence the Cologne school impressed public opinion, not only because it was well supported by private beneficence and municipal assistance and handsomely housed, but because it pursued one definite object in complete independence. And this example was followed when the *Kaufmannschaft* of Berlin, an ancient society somewhat resembling a Chamber of Commerce, established its Handels-hochschule in 1906, and when Munich followed suit in 1908. The School at Mannheim, founded in 1908, soon became an independent institution. The commercial college at Königsberg is of more recent creation.

The success of Cologne was marked from the first; starting with some 86 matriculated students in 1901, it had some 535 in 1912-13, together with an attendance of many hundreds of the Cologne public at open lectures. It gave a diploma to students after two years' study and the passing of prescribed examinations. In 1912, 113 candidates presented themselves, of whom 92 received diplomas.

It would be a mistake to suppose that the large support from influential business circles

which the new commercial universities enjoyed was by any means universal. It is true that, with the enlargement of Germany's foreign trade and the disuse of the old practice of apprenticeship to merchant houses, many, even among merchants, favoured the effort to give future merchants a definite academic training. But in some of the older centres of trade, as distinguished from industry, it was regarded with coldness, not to say disfavour. Thus at Hamburg, where an important Colonial Institute had been founded, devoting itself mainly to the teaching of foreign, including Oriental and African, languages, the Chamber of Commerce opposed its developing with state (which, in this case, means municipal) assistance into a commercial university. "We are of opinion," it declared in 1906, "that any school will pay too much attention to theory. It will not sufficiently provide for those who follow its instruction the practical equipment which seems to us the one thing necessary. We prefer a period of residence abroad to all scholastic instruction; it is that which has hitherto constituted the strength of the Hanseatic merchant. We do not hesitate to say that schools of commerce provide for the professional training of the merchant a basis which is dangerous and harmful. The science of commerce is a purely

empirical science which is not learnt in a lecture room. When he leaves the school, a young man enters upon practical life with preconceived opinions. In spite of all the theory with which he is imbued, he has to begin over again ; and the precious time he has spent at the school is to a large extent wasted. Usually one would only know that he had pursued commercial studies from the student swagger he still keeps up."

The truth would seem to be that the effective support of the new idea came rather from industry than from commerce in the narrower sense. It was the big manufacturing companies which felt the want of men capable of growing up into positions of responsibility ; and of course these manufacturing concerns in Germany, as in other countries, were beginning to free themselves in large measure from the old merchant houses and to do their own buying and selling direct.

As a leading German business man once remarked to the present writer, a quarter of a century ago, " On the Board of a company we need only one lawyer : him the university will give us. We want only one technical expert : him the technical college, like Charlottenburg, will give us. Most of the members need not be legal or technical specialists but men of all round knowledge and business judgment. The

old universities cannot, or will not, help us to that; and so we are obliged to create new institutions for the purpose."

The inability or unwillingness of the old universities to meet commercial needs was due to defects which were the reverse side of their merits. The mediaeval university everywhere in Western Europe had three degrees—those of Bachelor, Master and Doctor. When the revival of universities took place in the 18th century, no university seemed able to give serious attention to all three. The English universities concentrated on the degree of Bachelor; and even to-day, in the older universities, subsequent promotion to the Master's degree has depended only on the passage of time and the payment of a fee. The Doctorate until recently was honorary. In Scotland the universities concentrated on the Master's degree, with the result that to-day the Scotch M.A. is simply the equivalent of the English B.A. But in Germany the university concentrated on the Doctorate; the Bachelor's degree disappeared from the universities, and the Master's became a shadowy appendage to the Doctorate. And for their doctorate the German universities insisted on a somewhat high intellectual standard. The test on which it was given was primarily a dissertation showing powers of original re-

search. The swarm of German doctoral dissertations has lent itself to easy criticism; for many of them have been, in fact, jejune performances of little or no value. And certain universities were notoriously more lenient than others—especially in their relations with foreign students, above all Americans. Still, even a second rate dissertation was beyond the powers or desires of most students at the university. And the university had no other mark of distinction to give them. They came because it was the fashion; or because—fortified by cramming—certain lectures would help them towards their professional examinations. The lectures were given by Professors whose main interest was 'scientific' in the wide German sense. For the well prepared student of ambition, nothing could be better; and, even out of the rank and file, the professor's keen interest in knowledge for its own sake might often strike a responsive spark. But the average man, who needed guidance and drill, simply did not get it: at any rate in the philosophical faculty, which most nearly approaches to the Arts courses of an English university; or in the legal faculty, which attracted most of the well-to-do who did not aim at themselves becoming professors.

And, with respect to the possibilities of education for business careers, there is a further pecu-

liarity of Germany to consider. Economics in German universities occupied an honourable position, but hardly a foremost one. Unlike Britain, where it arose out of the moral philosophy taught to divinity students on the one side and on the other out of the commercial controversies natural to a self-governing trading people, Germany saw the rise of its Political Economy out of 'Cameral' studies. The *Camera* (*Kammer*) was simply a government 'Department' as we say, 'Bureau' as the French say. Cameral studies were such as were deemed suitable for future servants of the state. But state service was soon monopolised by lawyers; no one was eligible who had not reached the legal grades of Referendar and Assessor. Hence Political Economy came to be regarded as a part, but only a secondary part, of the training for future lawyers: in the universities of Southern Germany, as of Austria, it was for lawyers compulsory, in those of North Germany very usual. And, in consequence alike of its origin and of the purposes of its students, it tended to look at economic problems mainly from the point of view of the state, and to lay emphasis on legislation and administration. This point of view contrasted markedly with the point of view of most English economists, who conceived of Society as composed of in-

dividuals pursuing their personal interests. The German protest against the imaginary 'economic man' was salutary for those English and Americans who listened to it. But it needed in Germany a supplement which it often did not receive. And it is easy to realise that Professors, satisfied with their own scientific ideals and with the classes they did in fact draw, might well be loath to undertake the new task of looking at economics through business eyes, and burdening themselves with the unfamiliar toil of regulating and guiding the studies of quite average young men, and testing results by examination.

Before the War, therefore, the development of higher commercial studies in Germany took place chiefly in the Handelshochschulen or Commercial Colleges. At the universities proper, indeed, there was a gradual growth in the number of serious students of economics; and many of these were looking forward to positions in the service of great business concerns. While in all the Prussian universities in 1901 only 25 doctorates were given in economics, in 1913 the number was 78. But this steady and unsensational development, on the one side at the Handelshochschulen and on the other at the universities proper, was suddenly interrupted by the embarrassing movements which followed

upon the Peace. Crowds of young men, in quite unprecedented numbers, made their way to all the higher institutions of learning; and in particular flocked both to the Handelshochschulen and to the economic departments of the universities. And the flood reaching the universities seems to have broken down for a time the traditional university system.

The men now arriving at the universities and entering upon economic studies did so, some because they thought such studies would enable them to obtain official positions more easily than through the legal channels. They were encouraged by the Prussian law of July 1920, which empowered the Ministers of Finance and of the Home Department to appoint other than jurists to the higher civil service, and was hailed as an abrogation of the 'Assessor-monopoly.' But many also came because they thought economic studies would be of service to them as a preparation for business careers. This of itself was a new phenomenon in the economic departments. Not intending to offer themselves for the state examinations for lawyers, and wanting some certificate of their studies, such students turned their thoughts seriously to the doctorate. The doctorate, instead of being the goal of a small intellectual élite, became the goal of crowds of quite ordinary

students : the German universities now felt the want of some degree like the English degree of Bachelor available for men of very moderate attainments. Doctor's degrees were, in fact, during the next two or three years, conferred by the hundred ; and the standard was inevitably and markedly lowered. Procedure suitable to an élite was quite unsuitable for the academic masses.

Everything in the good old days had turned upon the *dissertation* and the *seminar*. A student aiming at the doctorate usually passed, at one or more universities, six semesters (or half years). Three of these were usually given to general preparation, and the last three mainly to the dissertation. Now, while able men, coming well educated from the *Gymnasia* and secondary schools of the same calibre, might be relied upon to get the necessary general preparation by choosing, and following carefully, suitable courses—an expectation indeed by no means always realised—men of less adequate capacity or training needed longer time and more guidance. They required, and their parents expected, that they should be looked after by the teaching body more than had before been the case : that there should be more systematic control and supervision of their studies. And when it came to the dissertation, the choice of a

subject for really independent original work—never an easy matter—presented insuperable difficulties. It became almost impossible for the professors to assure themselves even that the work handed in was genuinely the student's own performance; and every degree of fraud was practised, from undue advice by paid coaches to complete manufacture ot dissertations at a price. In the old days, professors had got to know pretty intimately their abler or more ambitious students, all likely to be candidates for the doctorate, in the small private classes for training in independent investigation known as 'Seminars.' The English reader will find an account of their beginnings in the 18th century in Carlyle's Essay on the great scholar Heyne. Heyne's *Seminarium* consisted of nine students only. It was an excellent school for future professors: "a hundred and thirty five professors are said to have been sent from this *Seminarium* during his presidency." As time went on, Seminars tended to become larger; but thirty students, it has been said with authority and it seems reasonable, is quite as many as a Seminar can be successful with. With a mob as never before of students all wanting the doctorate and crowding into the Seminar, the personal touch of student and professor was pretty sure to come to an end.

Two things were soon seen to be necessary: (1) that the standard and prestige of the doctorate should be restored; and (2) that a more suitable curriculum and certificate of merit should be provided for the much larger number of students who did not aim at being men of learning but looked forward to practical business or administrative careers of one kind or another.

Meanwhile, as we have seen, two of the most important commercial colleges, Cologne and Frankfurt, had been made universities, with the right to confer the doctorate; they had hitherto only given diplomas. But they also did not wish to encourage the rank and file of their students to proceed to the doctorate. And, after much discussion, the Prussian Ministry of Education, followed by the like Ministries of some other states, yielded to what seemed to be the trend of academic opinion. The result was a rather complicated compromise between the ideal of the Handelshochschulen—definite training for an active career, and the ideal of the universities—the creation of scientific interest and judgment. But it was a compromise which, while it did little more than build on the commercial college precedent, made serious inroads on the university system.

The new Regulations (in the Spring of 1923) created an economist's diploma, and therewith

the status, protected by law, of *Diplom-Volkswirth*, 'diplomaed economist.' This was to be reached after three years' study in prescribed subjects. Those who wished the further distinction of the doctorate—and these, it was assumed, would be few—must have obtained the economist's diploma, and have spent a further year in study; and it was understood that this would involve, as before, participation in a seminar and the presentation of a thesis. The requirements of practical life and the requirements of science would thus alike be satisfied. But, to do so, the older German universities, so far as economic studies were concerned, surrendered a large part of their old liberty in the choice and order and method of study. A prescribed curriculum, with an examination on each required subject, is evidently identical with the policy pursued in the organisation of undergraduate studies in England, whether in Honour Schools and Triposes at the older universities or in Departments of Commerce at the newer universities.

The experience of the new system has been too short to justify any confident conclusions as to its working. The number of persons pursuing economic studies at the universities and commercial colleges of Germany is still very

large. At all the commercial colleges in 1913-14 they numbered 2,592; in 1924-25 they had almost doubled—4,971. At the universities existing in 1913-14 the total number of students in all departments had hardly changed: both in 1913-14 and 1924-5 there were about 60,000. But medicine, and mathematical and biological sciences, and also theology had greatly declined, while economics and legal and political science had greatly increased in the number of registered students. And many students, while largely engaged in economic studies, were registered as members of other departments, especially law. If they be included, the number of students of economics in one or other direction at the old universities had more than quadrupled—rising from 2,316 to 10,957; of whom Berlin accounted for well over eleven hundred. The two commercial colleges which have become universities, Cologne and Frankfurt, may be regarded as fairly adequately staffed; but in the older universities there has been little increase in the number of professors, and the existing staffs are clearly incapable of dealing effectively with the present number of students. This was strongly represented in the resolutions passed by the Association of University and College Teachers of Social and Economic Science at their Conference in Jena in September 1925;

and the several governments are being urged to staff the economic and commercial faculties on something like the scale on which the legal faculties are manned.

The new system, as we have seen, was introduced in 1923, partly with the intention thereby of protecting the doctorate standard by giving most of the students an economist's diploma sufficient for their acquirements and purposes. To make that diploma a necessary stage towards the doctor's degree (as in England a bachelor's degree is a necessary step before the doctorate) was to make an additional and quite different use of it. It would be unwise for anyone not intimately acquainted with the actual conditions in all the German universities to express any opinion as to whether this second use of the diploma was expedient. There is reason to believe that, even before the War, in some German universities, men were allowed to proceed far in the specialised work of a dissertation without adequate general preparation: such men may even have succeeded in getting the degree. But what might be a useful discipline for inferior men at a less critical university, might be an unnecessary and even harmful burden on really able men sufficiently under the eye of conscientious and critical professors. Hence the re-

quirement of the economic diploma as a necessary stage on the way to the doctorate was vigorously opposed by one of the few outstanding economists left in Germany since the deaths of Wagner and Schmoller—Prof. Schumacher of Berlin. One of his arguments was that the number of subjects required for the diploma was so large that even able men could only get them up by a process of cramming. That this, if a valid argument, was a criticism of the diploma curriculum with respect to its other purpose, was a consideration in which apparently Professor Schumacher was not interested. Another of his arguments, that the diploma requirement would leave only one year for the dissertation, and might encroach even on that, will seem odd to English and American observers who are accustomed to see candidates for the doctorate stay on for a couple of years, and not one only, after a bachelor's examination which for most of them is certainly of as high a standard as that for the German diploma. The Prussian Ministry of Education has so far yielded to the representations of Professor Schumacher and those who agree with him that in a draft outline decree (*Rahmenentwurf*) of July 22, 1925, it proposes to give the several university faculties power to accept, in lieu of the economist's diploma, certain legal, forestry,

agricultural and engineering examinations (which all include a certain amount of economics) as well as the business diploma (to be explained later) and the commercial teacher's diploma granted at the commercial colleges. In special cases, and by way of exception, power might be given to admit candidates to the economic doctorate examination, without any previous economic examination having been passed. But the Minister expressed the hope that "in the interests of the reputation of the economic doctorate, use would be made of this discretion only in really well-founded exceptional cases."

The regulation making the diploma a necessary step on the way to the doctorate in *political science* did not come into operation till the beginning of the present year; and it is much too early to say what the effect is likely to be on the number of students. Some fifty students passed the diploma examination in the University of Berlin in the year 1924-5. But many candidates took advantage of transitional relaxations of the rule to press into the political science doctorate without going through the diploma gate. And as the doctorate in 'philosophy' (with Economics as principal subject) will remain open in Berlin and some other universities to those who, wisely or not, dislike the diploma requirement, it is possible that some

further restriction will be found necessary to safeguard on that side the doctorate standard.

We may leave the doctorate to develop as academic opinion may determine. That development will, indeed, have no small influence on the future of commercial education in Germany. For the hold of the doctorate on the German mind is still so firm that the teaching in the universities of future business men is pretty certain to remain in the hands of professors who have themselves been through the doctoral mill. But of more immediate interest is the economist's diploma; and to that we can now turn.

According to the Regulations issued by the Prussian Minister of Education for the Prussian universities, after much consultation with the several teaching bodies, the requirements for the degree of Diplomaed Economist (*Diplom-Volkswirth*), must include examinations in the eight following subjects:

1. General Economics, including Currency, Banking and the Exchanges.
2. Special Economics (Economic and Social Policy), including Economic History.
3. Public Finance.
4. Statistics.

5. 'Betriebswirtschaftslehre' (to this we shall return).
6. The economically important portions of Law, including Commercial Law and Bills of Exchange.
7. General Political Science, Constitutional Law, Administrative Law including Tax Law, and the economically important portions of International Law.
8. One of the following elective subjects:
   Economic Geography.
   Poor Law and Charity.
   Industrial Law.
   Insurance.
   'Genossenschaftswesen' (Associations; presumably Co-operative and Trade Union organisations.)
   Technology (the technique of some particular industry).

Other electives can be permitted by the Examination Board. And the important note is added that "so long as Statistics or 'Betriebswirtschaftslehre' is not adequately represented in the teaching of any particular university, the Examination Board may permit the place of either to be taken by one of the electives."

The regulations of Prussia apply to about two

thirds of the total number of German students. Those for non-Prussian universities are issued by the governments of the other states; on the same general lines but with significant variations. The situation at Leipzig—which is particularly important in that the commercial college, now absorbed into the university, was actually, as we have seen, the first such college to be created, and also on account of the high reputation of the university and its large number of students—is governed by regulations issued by the Saxon Ministry of Education. There also, eight subjects must be examined in; but Economic History is detached from Special Economics, and added to the electives; what in the Prussian regulation is called 'Betriebswirtschaftslehre' is called 'Privatwirtschaftslehre'; and the electives mentioned are:

Economic Geography.
Economic History.
Landwirtschaftliche Betriebslehre (Farming Methods).
Chemical Technology.
Insurance.

The regulations for the University of Munich, under Bavarian authorities, combine features found in the Prussian and the Saxon regulations. They keep the term 'Betriebswirts-

chaftslehre'; but they make Economic History an elective subject; and the other elective subjects are Poor Law (as in Prussia), Insurance and Technology. But, by a subsequent amendment, 'Betriebswirtschaftslehre' is dropped altogether, and a second elective is made compulsory.

Before noticing the animated discussion now going on in German academic circles with respect to the sort of training given by the curriculum for the economist's diploma and the prospects, in the way of careers, which it ought to open to those who receive it, it is necessary to introduce a further and embarrassing element in the situation. This is that, instead of combining with the older universities on a single diploma, the economist's diploma, as suiting the purposes of both types of institutions, the commercial colleges (while also keeping their old commercial certificates, after two years of study) have introduced, and got authorised by the Prussian Minister of Education, a three year diploma course other than that for the economist's diploma. This diploma is for the degree of *Diplom-Kaufmann* (diplomaed commercial man); and given, as it is, by institutions so numerously attended as the universities of Cologne, Frankfurt and Leipzig and the com-

mercial colleges of Berlin and Königsberg, it is likely to have a large vogue.

But first we must look at the inferior two-year course, which ends with a *Zeugnis* (certificate) which is expressly said to be of less importance than a diploma. The examination includes the following subjects :

1. 'Betriebstechnik.' (This is evidently meant to be a definitely limited field, and it may, with some assurance, be translated Book-keeping : to this we shall return below).
2. Outlines of Economics.
3. Outlines of Public and Private Law
4. A Foreign Language,
   or
   Economic Geography,
   or
   Economic History.

The purpose of the certificate is stated to be the satisfaction of the needs of those who can give only two years to study. But it is evident that a main purpose is also to meet the case of those who have not, for various reasons, received what is regarded as adequate educational preparation for an academic diploma. That preparation, it is held, is only proved by the leaving certificate of a *Gymnasium* or of a 'modern'

school recognised as equivalent for this purpose. The certificate course, however, is open to persons who have only passed the examination of the lower stage known as *Obersecunda* (i.e. two years short of a complete secondary education), on condition that they have had three years' business experience; though further education, say in a superior commercial school or study in a foreign country, may be reckoned towards this requirement. One cannot but think it unfortunate that the examination for this certificate is designated an "examination for practical commercial men" (*Prüfung für praktische Kaufleute*).

For the higher grade of Diplom-Kaufmann, a period of study of three years (six semesters) is necessary. Only six months' suitable employment in a business office is required for admission if the student has completed a secondary school course. If not, he must either have studied two years in a superior commercial school and had one year's business experience, or one year in a school and two years in business; or three years in business and the practical certificate of the commercial school already explained. The final examinations are as follows:

Compulsory subjects:

1. General 'Betriebswirtschaftslehre.'
2. Special ,, (of Banks, or Factories, or Merchant Houses.)
3. Economics (including Public Finance).
4. The economically important parts of Law.

One elective subject, chosen from the following:

1. Public Law.
2. Geography, with special attention to Economic Geography.
3. Chemistry. } in their economic application.
4. Physics. }
5. Insurance.
6. Public Finance and Taxation.
7. Associations.
8. Statistics.
9. A foreign language.

It will be seen that the *Kaufmanns-Diplom* differs from the *Volkswirths-Diplom* in the following respects. The candidate for the former need not have had so good a school education; he must have had some experience in an office—an experience for periods varying inversely with his school education; he takes less economics; less law; he can offer a foreign language; and—chief difference of all—he must give much more attention to *Betriebswirtschaftslehre.* We can-

not therefore any longer postpone coming to close quarters with this subject.

A *Betrieb* is what in English we call 'a business,' 'a concern.' A *Wirtschaft* is an 'economy' in a sense of that word which has disappeared from modern English, and we may perhaps better translate it now, rather awkwardly, 'a connected group of economic relations.' And *Lehre* is of course a doctrine or teaching. Thus *Betriebswirtschaftslehre* is the science which deals with the economic life of the single business concern. And the argument for the desirable existence of such a science runs thus: 'Political Economy' or 'Economics' looks upon the economic world as a whole. It sees how wealth is in fact produced and distributed among the factors contributory to its creation, under the influence of the motives and forces which stimulate and control them. Assuming, as it is bound to do in a consideration of the actual business world, the existence of private property with the rights of disposal which are attached to it, it considers the results which flow from investment and enterprise and competition, and it arrives at certain conclusions. For instance, it concludes that, if society desires continuously to be provided with such and such commodities, it must 'in the long run' reward the several factors in production to such an

extent as will keep them producing; and thus it arrives at the proposition that price must 'in the long run' cover 'the cost of production.' This is what we may call a bird's eye view of economic activity; or, to put it in another way, the view which an observer in another planet might be expected to take of business on this earth.

But though such a way of looking at things may reach results of the highest interest even for the individual business man, or the man concerned with the business fortunes of a particular concern, it is not the point of view from which such a man primarily looks at things. He looks at a business not from outside but from within. And therefore it is a natural thought that, by the side of a *Political* Economy, *Volks*wirtschaftslehre (or *National* Economy), or 'General' Economics, there should be room for a science dealing more specially with economic phenomena or problems as they present themselves in the actual conduct of business concerns. For this it was hard to find a name: as opposed to *Volks*wirtschaftslehre or *National* ökonomie, the term *Privat*wirtschaftslehre was at first invented; and we have seen that that term has not yet disappeared from use. But now *Betriebswirtschaftslehre* (or, for short, *Betriebslehre*) is generally taking its place.

The numerous books and pamphlets on the subject which have of late years appeared in Germany usually begin with urging considerations such as the above. But it is obvious that such considerations might preface more than one line of work. For instance, they might have led to work on lines such as those advocated before the War by Professor Ehrenberg of Rostock. His 'exact, comparative, research' into the fortunes of as large a number as possible of separate business concerns, with the aid of their balance sheets and trading accounts and departmental statistics, might have built up in time the material for a *Betriebswirtschaftslehre* of considerable interest and value. Or they might have led to the construction of courses like those which in England and America are intended to group together the problems of policy which arise in business experience. But what I think one finds, when one comes to look into the programmes of actual instruction and the text books which are now provided for commercial students under that name, is that *Betriebswirtschaftslehre* is in practice simply what in English and American universities is now commonly called 'Accounting.' This is not to belittle it. Accounting, as it is capable of being taught, should occupy a large place in every scheme of business education; beginning with the simplest book-

keeping and advancing to the most difficult questions of record and analysis of expenditure and receipts to which the complexities of modern company organisation inevitably give rise. Accounts are tools in the hands of business policy; and they are tools which in the right hands have a way of helping people to think. But they cannot by themselves be relied upon to make people think on the essential matters which business men should think about. For they are primarily methods of recording the results of business policy, of business decisions; they do not present the considerations from which such decisions should emerge. And hence it would be unfortunate if *Betriebswirtschaftslehre*, as that term is now understood, should occupy so large a place in time and attention in German institutions as to prevent the development of studies more directly aiming at the centre of business policy.

The present situation in Germany would seem to show the divergence of three different interests. There is, first, what may be called the commercial college interest—whether represented by separate colleges, like those of Berlin and Königsberg, or by colleges which have become Faculties of new universities, like those of Cologne and Frankfurt. This interest is bent on commercial education in the most direct

sense of the term, i.e. the training of men who are actually going out into business life. For this reason it demands some actual office experience in its students; and this with doubtful wisdom; unless the experience can be supervised or otherwise ascertained to be really instructive and not a mere passing of time. More important, however, by far is the fact that it lays great stress on *Betriebswirtschaftslehre*, i.e. Accounting. It has therefore insisted on (1) keeping a two-year certificate for which Accounting is the most important subject, (2) establishing a three-year Business Diploma apart from the Economist's Diploma (for which Accounting is required to a more limited extent or not at all). But it believes that the studies which lead to the Business Diploma can become a suitable stage towards the higher academic distinction. And therefore it has brought it about that the Business Diploma has now been recognised in Prussia as acceptable (like some other examinations) in lieu of the Economist's Diploma, as a stage towards the doctorate in Political Sciences (Dr. rer. pol.). This doctorate can at present be conferred only by universities; so that diplomaed students of commercial colleges which are not universities, like those at Berlin and Königsberg, will have to transfer themselves to a university proper for their last year.

Academic opinion in both the older and the newer universities is solidly opposed to the bestowal by the state of the right to confer doctorates on commercial colleges as such, until those colleges (founded by local initiative) have put themselves under the Ministers of Education of their several states in the same sense as the existing universities, and have widened their professoriate to include not only economic or business sciences but also physical sciences and the liberal arts.

Secondly, there is what may be called the older university interest. This desires the expansion of economic studies as hitherto commonly understood. But it attaches very little value to preliminary business experience, believing that the experience of that kind commonly open to beginners (as junior clerks and the like) is seldom particularly instructive. It attaches perhaps less importance than can be justly claimed to Accounting : it has yielded with some reluctance to the inclusion of *Betriebswirtschaftslehre* in the Economist's Diploma course ; it often has made no provision for teaching it ; and it is glad now to be allowed to make it an elective only. In some quarters it is not enamoured, as we have seen, of the new rule that the Economist's Diploma must be taken as a stage on the way to the doctorate. And it is

pretty generally still influenced by the old cameralistic conception of Economics as a preparation for the civil service. It might be an exaggeration to say that in professorial conferences the function of the University in general, and of its economic department in particular, in preparing men for actual business life tends once again to fall into the background. What comes to the front is the desire that trained economists (i.e. men who are primarily economists, though with some legal knowledge) should be assimilated in prospects and even in nomenclature to the *Referendars* and *Assessors* who are trained lawyers (i.e. men who are primarily lawyers with some economic knowledge).

The third conflicting interest therefore is that of the legal faculties, who have hitherto had a monopoly of the higher civil service, and have kept their economist colleagues in a well marked subordination.

The discussions to which the rival claims of lawyers and economists give rise are of little interest outside Germany; above all in countries like Britain and its daughter Dominions and the United States, where the civil service does not bulk so largely in the public eye, and where the traditions of appointment to it, whether better or worse than in Germany, are certainly very different. This final remark may however be

made. Prussia while very powerful is not all powerful in Germany. There are other states with universities of their own, and they are quite likely to strike out on independent lines. Thus the little state of Thuringia, by a decree of its Ministry of July 22, 1925, has made the Economist's Diploma of its own University of Jena the necessary condition for entry upon probationary service in the Ministry of Finance with the title of *Finanzreferendar*.

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4th edition enlarged, 1903). An impression of the position of the commercial universities a few years later may be gained from an article by Rabius in the *Internationale Zeitschrift für Kaufmännisches Unterrichtswesen* (Berne), for December 1909 and from Grünberg, *Kritische Darstellung der bestehenden Handelshochschulen* (Leipzig: Peschel, 1910). It is significant that, while the author of the latter, a student in the Leipzig school, maintained that Political Economy (including Banking, Insurance and Transport) should be the centre of the whole instruction, though 'technical courses' (Book-keeping, Commercial Arithmetic and Commercial Correspondence) should also be thoroughly taught, Dr. Nicklish, a member of the school staff, contributed a preface in which he asserted that "the science for the commercial college is not Political Economy but the *Privatwirtschaftslehre* of Trade."

The new problems emerging after the War, the new public interest in economic or commercial teaching, and the remarkable clash of opinions are exhibited in the large body of Memoranda from professorial and business sources brought together in *Die Reform der Staatswissenschaftlichen Studien*, ed. Jastrow (Publications of the *Verein für Sozialpolitik*, vol. clx, Leipzig: Duncker and Humblot, 1920).

The resulting present regulations for Prussian institutions, with respect to the examinations for the degrees of *Diplom-Kaufmann* and *Diplom-Volkswirth* and for the doctorate in Political Sciences (Dr. rer. pol.), are printed in a booklet, *Die Prüfungen für Kaufleute,* ed. Benecke (Berlin: Weidman, 1925). A vivid impression of the divergence of views still existing might be obtained from the Report of the speeches at the last annual meeting of the Association of University Teachers of Social and Economic Sciences (Protokoll der Generalversammlung 1925: Vereinigung der Sozial- und Wirtschaftswissenschaftlichen Hochschullehren: Dusternbrook, Kiel), but unfortunately it is not accessible through booksellers. Among the numerous expositions of what is meant by *Betriebswirtschaftslehre,* one of the best is the pamphlet *Wie studiert man Betriebswirtschaftslehre,* by Dr. Pape, Professor at Frankfurt, undated. An account of all the personages and literature which have figured in the struggle of the representatives of *Betriebswirtschaftslehre,* first for recognition and then for dominance in the commercial colleges of Germany, is given in Isaac, *Die Entwicklung der wissenschaftlichen Betriebswirtschaftslehre in Deutschland seit* 1898 (Berlin: Spaeth, 1923). It is poorly executed and will hardly do much to support the claims

of Accounting; but it does at any rate give the tables of contents of a large number of recent textbooks. *Der Diplom-Volkswirth: sein Beruf und sein Studium*, (Buchdruckerei der Tübinger Studentenhilfe, 1925) is an interesting outline of the course of studies and of the careers for which they may be regarded as preparing men, issued by one of the smaller universities specialising on the economic diploma and advising students who seek the business diploma to go rather to Cologne or some other of the commercial colleges.

A lament, with some natural exaggeration, over the effect in certain directions of the new economic diploma is to be heard in Schmittmann, *Die Verdrängung des sozialwissenschaftlichen Universitätsstudiums durch das Wirtschaftsdiplom*, (Düsseldorf, Schwann, 1926).

GOVT. INSTITUTE OF ...

III

THE AMERICAN UNIVERSITIES.

It is in the United States that by very far the largest effort is now being made to provide in the universities a suitable training for business life, and that most thought is being expended on the form that training should take. This arises from the economic situation and the economic temper of the American people. From the situation, because of the unprecedented physical resources of the country and the stage of rapid development in wealth and population in which the country finds itself. From the temper, because of the fact and feeling that there are large opportunities for personal advancement, whether for selfish gain or as an avenue to social service. *It is not of course true* even in America that every man succeeds who deserves to succeed. But there is more hopefulness in the rising generation, more openness of mind as to future possibilities, more adaptability and versatility, than can be found in

any other country on so large a scale: though in varying degree the same traits are to be seen in other new countries, like Canada and Australia. They are due to a number of causes which are all interacting. One, of course, is that the population is to a large degree the result of a process of natural selection; since it is descended in large part from immigrants who must have been individuals of exceptional initiative and enterprise. Another is the weakness or limited establishment of class distinctions; the wide diffusion of the democratic sentiment, in the sense of a belief in human equality. These traits are not, by any means, universal geographically in America; they have unpleasant and even harmful effects on national culture as well as beneficial effects; and it is possible that the heavy capitalisation and elaborate regimentation characteristic of modern economic activity may restrain their scope in the future. Nevertheless, there for the present they are, more markedly than elsewhere in the world; and there they are likely to continue to show themselves widely and deeply for some generations.

Under these circumstances, as we might expect, all sorts of private ventures, business schools and correspondence courses exist, which appeal to the boy or young man already earning

his livelihood to improve his position by evening study. The teaching provided is of every second and third class grade, from fair to bad ; rising from typewriting, mainly for girls, to shorthand; and, beyond shorthand, to book-keeping in various stages ; and culminating in courses on Business Methods, which vary all the way from office routine to really educational disciplines. It is not necessary to criticise these enterprises, or the largely similar work which is being done in some of the public schools of the country (in the American sense of 'public'). They provide business men with the clerks they want, with much the same degree of success as the similar private and public undertakings in Germany and England ; and no doubt many of the young men who have had the wisdom and energy to take such courses do find thereby openings into business life in which their innate qualities enable them to be even highly successful.

But we have here to do with the education, specifically intended for business, which is undertaken by American universities and colleges granting academic degrees. There are far more such institutions in America, and they draw far more students in proportion to the population than similar institutions in this country. Among the eight hundred at present

in existence there is a very wide range in educational ideals and attainments: at the one end, are many of deplorably low standard, drawing most inadequately prepared students; at the other end, are some with as high intellectual standards among the élite of their students as can be found in the élite of European students, and in several cases with a range of scientific and humanistic interest and equipment wider than in any but a very few European institutions. The great majority of them are doing creditable work. And their expansion—whether they are independent in their endowment and government like the great universities of the east, such as Harvard, Yale, Columbia, Princeton, Chicago, or are State universities like those of the West and Middle West, such as Wisconsin, Michigan, California—has been embarrassingly rapid, especially in the last two or three decades. Comparatively small institutions with four or five hundred students have almost suddenly found themselves confronted with a couple of thousand: the older and more famous institutions have in some instances been compelled severely to restrict the number of entrants, because they could not cope with them. This is partly the outcome of general business prosperity; the number of men who can afford to send their sons to the university is

now very large. At the Eastern colleges the fees are quite substantial : at the State colleges the fees may be nominal ; but even there the student has, of course, to be maintained during his period of study—which, in America for the Bachelor's degree, is still very generally a four year one. But a deeper cause is the very remarkable diffusion and strength of the belief in the value of a college course, and the determination on the part of parents and children to take advantage of it. Such motives as the desire of parents to give their children a better education for its own sake than they themselves enjoyed ; the expectation, with many, that a college course will help them pecuniarily ; and, among the young people, a notion that a college career is the most entertaining thing a young man or woman can compass, and therefore that it belongs to them by right—all these have contributed to the present unexampled and embarrassing flood of students.

But this being so, since a strong public opinion makes it the *function and duty of the universities* to serve the needs of the community, they cannot close their eyes to all that vast field which is known as business ; least of all in a land where business bulks more largely in men's thoughts than in an older country. The army and navy as careers hardly exist : the management of

land is not associated with the existence of an aristocratic class and is entirely commercialised: the older professions, including the judiciary, are more and more receding in relative importance: and the weight attached in Germany or France to the governmental service is not even conceivable. Hence it is that the movement for business training in the Universities is now quite certainly the largest of the waves passing over American universities. Engineering and Technological schools, as is natural in a manufacturing country, continue to grow, but they are no longer in the very forefront of academic interest. It is significant that, in a recent campaign to raise funds for Harvard University, the goal was two million dollars for the Division of Fine Arts, three million dollars for the Department of Chemistry and five million dollars for the School of Business Administration; and that the Chairman of the Appeal Committee, interesting himself especially in the School of Business Administration and soon obtaining himself from a single donor the whole sum required, was the Bishop of Massachusetts.

To-day about a hundred American universities and colleges have Schools or Departments of Business Administration or Commerce; with an enrolment in 1924 of 80,000 students. One university, and that not one of the first rank,

had over 1,400 in its Day Division, and just twice as many in its Evening Division.

The movement towards definite preparation in the universities for business careers arose towards the end of last century in the departments of Economics. Economic teaching in American universities, for a couple of decades after the Civil War, had continued to be in the main an echo of that in contemporary England. But, in the '80's, a number of men returned from study in Germany and obtained teaching positions who were profoundly influenced by the historical and statistical and inductive movements in German economics, and were anxious to widen the scope of academic teaching and stimulate enquiry into actual economic conditions. They found a rallying point in the American Economic Association, founded in 1885. Two other things were happening at the same time. In the business world there was the rapid expansion which followed upon the completion of transcontinental railroad transport, the settlement of the Middle West, and the discovery of the iron deposits of the Lake Superior district. It was an additional new world which now came into existence. And, at the same time, there was in the growing universities in all departments a rapid breaking away from the old rigid curricula, with a larger

allowance of "electives," and an abandonment of the customary reliance upon "recitations" from textbooks. Hence it was that, in several of the larger universities, there was soon to be found, not just a single professor of Political Economy with a necessarily limited range of teaching, but a whole "department" with three or four professors and a group of instructors (or lecturers) and assistants. Besides General Economics, there were soon courses on Public Finance, on Banking, on Transport, on Economic History, and other newly marked-out fields of study. And thousands of students were taking these courses, as part of the requirements for the ordinary bachelor's degree, with a vague idea that, as they were going into business, such courses would be of special value to them. At Harvard such a combination of studies as that of a student who looked forward to doing business in South America in chemicals, viz.: Economics, Accounting, Chemistry and Spanish, was by no means unusual.

The Wharton School of Finance and Economy of the University of Pennsylvania had been created as far back as 1883 with the definite object of providing a training for business, and had not been unsuccessful. But it was not till the end of the century that the next large development took place: the establishment in

the universities generally of specialised Schools or Departments of Commerce or "Business Administration." The Universities of Chicago and California—to mention no others—began in. 1898; the Universities of Wisconsin and Michigan, and Dartmouth College, followed in 1900. Harvard, taking a significant and characteristic line of its own—to be explained later—threw the weight of its great reputation in the same direction in 1907. And now a special School of Commerce, under one name or another, and leading commonly to a special degree, is a part of the machinery of practically every important American university.

It may be worth while to quote the pioneers of the movement. Professor Edmund J. James, of the Universities first of Pennsylvania and then of. Chicago, addressing the American Economic Association in 1900, said:

> "I believe the American university ought to take the same attitude towards the higher training of the future merchant, railway or insurance manager as it has so long taken towards *the professional education* of the future lawyer, physician or engineer."

After remarking that 'the science of political economy has the same relation toward this

whole department of education as mathematics to the preparation of an engineer, or as physiology to medical training,' and commenting on the width of its range, he went on to say that, in addition:

> "I should accept any practical subject which can be made a serious intellectual pursuit. Thus the whole system of Accounting, or as it is sometimes called with a sneering connotation 'book-keeping,' I should make an element in all such curricula. It offers a stimulating mental discipline. It is moreover an efficient means of presenting the facts of industrial organisation in a concrete way.
>
> I believe that a University should announce that it proposes to offer a curriculum for the benefit of men expecting to go into business, exactly as it announces that it has a law school or a medical school.
>
> The fact that there are many men who now take a college course" (of the older literary type), "and then go into business—it is claimed that over 30% of the Yale graduates do go into commercial life—does not prove that these men prefer such a course to one better adapted to their

needs; and still less does it prove that there are not thousands of young men in the country who do not at present go to college at all, but would go if they felt that they could get something of more immediate benefit to them than the old-fashioned studies."

A compact and judicious statement of the nature of the task to be undertaken was made by the authorities of Dartmouth College in 1904: "It is the aim of the School to meet the increasing demand of the business world for trained service. It aims to accomplish this by enabling a young man to start in business with the advantages of a trained mind, a scientific knowledge of modern business methods and conditions, and the foundation of an expert knowledge of those branches of certain businesses in which such a knowledge is required. It recognises clearly its limitations. It does not presume to create the genius for executive position, or even the genius for business negotiation. It aims in this respect to assist the young man to discover for himself, and gather together into an effective working force, such elements of business ability as he may possess. Neither does it attempt to teach the details of any man's business; these can be learned most quickly and

effectively on the ground. Between these extremes, the impossibility on the one hand of creating the genius for business and the futility on the other hand of teaching the details of a particular employer's routine, there lies a wide field of possible instruction for the young man looking forward to a business career.

That there is need for such training in the United States cannot be questioned. The business world complains that there is an insufficiency of that class of young men possessing such a broadness of view, independence of thought and spirit of business activity as to enable them to be advanced from routine clerkships to become heads of departments, of whom is demanded initiative and the capacity for taking responsibility."

During the quarter of a century that the Business Schools of American universities have been establishing themselves, there has been much discussion and a good deal of experimenting with regard to the content of the instruction and the nature of the training. But the sort of education that is wise in the sense of being practicable must depend to a very large extent on the preparation and maturity of the students. It is therefore necessary to distinguish very clearly between the great majority of the

American university Business Schools, which are undergraduate schools, and the very exceptional and important experiment at Harvard, which is a graduate school.

The Harvard School of Business Administration is pretty strictly limited to graduates. And graduation means four previous years of college instruction. It means that the students admitted have had some general education of a university character, and have received some training at any rate in systematic thinking. It means, also, that they have the relative maturity of mind which commonly comes with years; and, unless they have been very exceptional, it means that they have more knowledge of the world outside. Many of them in their undergraduate courses will already have taken two or three courses in economics; and quite a substantial acquaintance with general economic theory is, as we shall see, expected before entrance. And finally, as the pressure for admission, in spite of an exceptionally high tuition fee, is greater than the staff could cope with, a certain selection has been made even among graduate applicants.

Most of the university Business Schools are undergraduate schools. They are often only modifications of the sort of work an undergraduate might easily have taken for an ordinary

A.B. course or its equivalent (Ph.B. or S.B.). Sometimes courses of an economic or business character (especially Accounting) are interspersed, with more or less freedom of election, with language and history throughout the four years of the necessary curriculum; sometimes they are concentrated on the last two years, with a special organisation, as at Michigan. At a college very flourishing of its kind, and with crowds of ordinary day students of commerce, the regular college course is of three years, with a fourth year mainly occupied in "supervised employment" in Boston business houses.

An intermediate system is that pursued at the Amos Tuck School of Administration and Finance, which forms part of the well-known and typical old New England college, Dartmouth. There the work of the school occupies (as at Harvard) two years; but the last ordinary college year is identical with the first year of the school, and only the second year of the school is a graduate year in the American sense. Comparing this, however, with the ordinary English limitation (in most cases) of undergraduate studies to three years, it will be seen that the Dartmouth plan is equivalent, in the time demanded, to two years' graduate study in English universities.

Now it is evident that the curriculum for

these very different kinds of schools cannot be the same. In undergraduate schools the programme of study is affected both by the nature of the preparation with which the student arrives, and by the ideals of education entertained by the community. Few students or their parents have an exclusively and narrowly vocational purpose for undergraduate studies: they have more or less vague ideas of general cultivation of the mind, and of objects in life other than money-making. And, even for utilitarian purposes, the apparently direct road is not always the shortest; other studies, besides those evidently connected with business, may be the best means of teaching the habit of consecutive thought, the power of reasoning from cause to effect, the related gifts of generalisation and selection, the art of clear expression, even the personal bearing which inspires respect. And the importance of this consideration will vary with the nature and efficiency of the previous education.

In any case, there will probably be room in an undergraduate course for a good deal of Economics in the ordinary sense of the term. A course in what is commonly called Economic Theory, besides the discipline in general reasoning which it ought to afford, will give some notion of the large working of the underlying forces of

competition which form the environment of every particular business concern. A course on Economic or Industrial or Commercial History ought to make the nature of the modern economic structure of production and exchange more evident by contrast. A course on Transport will have a very direct bearing on some of the business man's most common grievances. There will be time for a thorough grounding in Accounting. Commercial Law will show the legal issues involved in particular forms of business organisation; and Industrial Law will be of practical service in the relations of business to labour. To many future commercial men the command of a foreign language, not simply for correspondence but to enable them to keep abreast of foreign commercial publications, will be of business value, over and above its value for purposes of general culture; and since the commercial use of a language is best built on a sufficient knowledge of its grammar and syntax, in the earlier stages of its study there is no reason against and many reasons for the association in the same class of future business men with students of other departments. Similarly, many future commercial men will want to know enough of engineering or of some other applied science not to be entirely in the hands of technical advisers, and to be able to balance cost

against technical efficiency; and these studies can well be pursued as part of an undergraduate course in association with men of other departments.

But, even in an undergraduate course, if students have entered reasonably well prepared, there is room in the last and more mature year for a kind of economic study which down to 1900 was hardly systematically pursued anywhere. It is the study—whether it be called Business Economics, Business Policy or the Science of Business—which looks at business phenomena from the point of view of those responsible for the running of a concern. As has been pointed out in the previous chapter, this is the sort of thing which the definitions of *Betriebswirtschaftslehre* seem to indicate, though its actual teaching seems in practice to run off into Accounting, which can after all be only an instrument in the hands of business policy. It should consist in a survey of the several problems which do in fact confront a business concern in the course of its operations, and in an analysis of the considerations for and against various possible courses. It should not try to impose its 'concepts' on actual business life, but to accept and classify the phenomena which business experience is found to present. It should rarely recommend particular solutions;

it should be satisfied to make it clear that there are alternatives, and what they are and why. It should aim at making business intellectually interesting ; and at so far awakening a young man's intelligence and readiness of perception as to enable him to benefit more fully and quickly from his experience after he has gone out into the world. It will seek to carry him with unimpaired mental alertness through the otherwise dull years of routine subordination which will probably be his fate for some years after he leaves college. And of course the nature of the problems that need to be isolated in thought and looked at from every side will differ to a large extent with the nature of the business world which the students are to enter. An undergraduate college can best furnish such a course of study when it is placed in the midst of a district with a particular dominating business interest.

There are still, it is true, no suitable text books covering the whole ground of such a course in Business Policy, though there are the beginnings of a very useful literature. But, if I may speak from my own experience, it is not very difficult to supplement the available books with sufficient pertinent material; at any rate it is not very difficult in England. From the reports of company meetings and of reconstruction committees, and from the discussions

in trade, financial, engineering and accounting journals, an observant reader can in no long time collect sufficient examples of most of the major problems which arise in the course of business, for the purpose of a concluding set of lectures and discussions. If he has a Seminar or Conference or Discussion Class—whatever it may be called—of the senior students, the teacher can get them into the way of using their own wits on the issues involved. But it must be confessed that this involves a readiness on the part of the teacher to put himself into an attitude which is not congenial to some economists. It involves a certain amount of discriminating industry; it involves also a resolution to collect the records of business experience before setting about explaining it.

So much then for the undergraduate college. A graduate school like that of Harvard may think itself justified in assuming a sufficient general culture to allow it to dispense with all save strictly professional or vocational courses. It can and does expect students entering the school "to have a knowledge of economics"—which is explained as having required "a full year of undergraduate work in the principles of economics"; with the further and—to an outsider it would seem—rather optimistic instruction: "students not meeting this require-

ment must, before entering the school, familiarize themselves with Taussig's *Principles of Economics.*"

For the instruction given in the school itself those in charge have elaborated a method which has attracted universal attention in American educational circles and been much imitated. That is the Case Method. It is explained as an application to business training of the methods to which the Harvard Law School has owed its reputation and success. Instead of basing instruction on legal text books of the ordinary English or American type, stating the law as their authors conceived it to be up to date, with footnotes referring to the decided cases and quotation of pertinent judicial dicta, the Harvard Law School put together volumes of selected cases in each branch of law, and sought to show the student how the law of to-day had in fact been built up and on what considerations. The Case Method, on which the Harvard School of Business Administration now prides itself, seeks therefore to arouse the student's interest and train his powers of discrimination by presenting him with statements of actual situations which have arisen in business life. Six substantial volumes of such 'cases' have already been published by Harvard Professors; entitled *Problems in* (respectively) *Marketing,*

Business Finance, Retail Store Management, Sales Management, Export Sales Management and *Industrial Accounting*. Instead of keeping this treasury of commercial knowledge to itself, Harvard has placed the volumes on sale; and the Harvard Faculty congratulates itself, not unjustly, on the long list of a hundred or more American colleges where from one to four of these books are in current use. "In addition to this material the school has at least twice as much unpublished material in mimeographed form; and this unpublished material is furnished currently to several colleges at the request of their teachers.". It must be an enormous boon to teachers elsewhere thus to be presented with the raw material for innumerable lectures; though one cannot but wonder whether the effort themselves to collect such material might not, in some cases, have been more beneficial to the teachers and even, in some ways, to the taught. However one can but admire Harvard's magnanimity. And this the more when one comes to learn the toilsome and expensive manner in which this material has been collected. It is the harvest of the School's Bureau of Business Research, which, for some years, has spent as much as a hundred thousand dollars annually on the 'field men' who go out to gather the information required—mostly fresh graduates, the

'section bosses' who check and control their product, and the 'editorial staff' which "passes upon every piece of work to keep it up to the Bureau's standards"; while, at the back of all, are the instructors themselves "who furnish outlines and give specifications of the types of cases desired for teaching purposes." A beautiful 'Routing Chart for Cases' shows how the School models itself in this respect on the most approved methods of 'Efficiency Management.'

The present teaching procedure of the Harvard School is so original as to deserve further exposition. It has been arrived at after a good deal of experimenting, and, in the opinion of those directing it, it has been particularly successful. It begins with the use of what is called an 'Introductory Problem.'

> "This problem is carefully chosen each year from among the most comprehensive brought to the attention of the School. At the very beginning of the first year's course it is presented," in printed form, "to all the entering students in minute detail. The background out of which the problem springs is fully described. The difficulties are set forth, alternative solutions suggested, the construction of

'factor sheets'"—i.e., sheets on which considerations are set forth *pro* and *con* any particular decision—"is explained; and the student is left for a while to grapple with the hopeless task of solving the difficulties on the basis of the general information that he brings with him from his college course. Thus, at the beginning of a recent year, the problem selected was that of reorganising a huge pulp and paper corporation that had got into financial difficulties. The elaborate report of the Protective Committee of the holders of one of the bond issues together with their proposed plan of reorganization, and other documents, was placed in the hands of the students. After they had been given an opportunity to study this material with whatever aid they could get from books or consultation, the Dean appeared before them to discuss the problem. Taking up the document paragraph by paragraph, he showed how almost every line required for its understanding information and training which the student completely lacked. Such terms as 'Protective Committee,' 'general mortgage bonds,' 'priority,' 'sinking fund;' 'deposit agreement,' 'affiliated

> companies,' 'good-will'; such ideas as the desirability of maintaining a going concern, of pacifying the various types of creditors in a plan of reorganization—not to go far beyond the first paragraph of the document—were lifted out of their context as subjects for careful scientific study. This first lecture was given with intent to confuse. . . . The most important aspect of this direct case-method introduction to business was the demonstration that it involved of the vastness of the field of study and the hopelessness of finding ready-made solutions for all difficulties in books . . . . The following lecture came as a great relief to the troubled class. The lecturer did not attempt to solve any of the difficulties, but he simply apportioned them to the various courses, showing how nearly all the courses given led up to the solution of this one problem . . . . The student has acquired the advantage of some perspective on all of his courses from the very beginning."

Then come the several courses, some with and some without, their special Case books. In the final examinations indeed, (to judge from the printed set of papers used in 1924), a large place

is still given to questions appropriate to lecture courses of the old type. Here, for instance, is one of the papers on Business Economics:

1. Assuming that satisfactory labour relations have been perfected in certain "open shop towns," may it be presumed that a universal open shop situation would be similarly satisfactory?
2. In determining net or business profits, the Harvard Bureau of Business Research deducts an estimated salary return to those conducting an enterprise. Is this practice in accord with the analysis of business profits of writers on economics?
3. What are the economic consequences of the present policy of restricted immigration to the United States?
4. Analyze carefully both demand and supply in the case of various kinds of building materials.
5. What in your judgment is the strongest argument for the maintenance of protective duties by the United States?
6. Gold imports on an extensive scale to the United States during the last year have not been followed by an upward movement of prices. Why?
7. Discuss the incidence of a sales tax on all retail transactions.

But, side by side with these, were papers constructed on the Case Method. In each subject, two to four or five pages of print were occupied with setting forth a particular situation in the recent history of some concern; and the student was asked what would, in his judgment, have been the wise policy to adopt. Typical forms of question appended to the case were these:

> "Outline in detail a suggested plan for attracting concerns to the territory served by the Atlas Power Company."
>
> "Outline a plan of attack for establishing a system of budget control in the Andrus Food Company."
>
> "Discuss the economic considerations raised in the following cases. Precede your discussion of each by an outline of the subject matter of your answer."
>
> "Should the Codman Company have agreed to the present proposal? Give the factors for and against."
>
> "How much credit should the New England Hardware Company extend to the firm in view of the statements which they received?"
>
> "What method of selling its products in Venezuala should the Denton Company have adopted?"

"(45 minutes). The Case Manufacturing Company is burdened with a large inventory, a large and highly skilled labour force, and an unlimited market for its product. A large quantity of finished parts is in the storeroom ready to be assembled, and a large amount of work is in process in the assembly departments. There is, however, a lack of skilled help in the assembly departments, which holds up the factory very effectively. There is no available outside skilled help for these assembly jobs and it takes two years to train an ordinary person. The company is in a limited cash position to carry on and has borrowed already up to its capacity from the banks. What would you do in this case?"

It should be added that "all students are required to take jobs approved by the school during the summer intervening between their first and second years," and that "the advanced students spend at least one day a week in factories in connection with working up their course theses in Industrial Management."

There can be no doubt that, in the hands of the able and enthusiastic teachers who are conducting the Harvard School of Business Ad-

ministration, and with the exclusively graduate students who resort to the school, all of whom are relatively mature men of 21—24, and all of whom have already taken a year's course in General Economics, the sort of discipline here outlined furnishes in fact a valuable training for business life. Even for such students, however, it may be doubted whether the Case Method, when it becomes the main reliance of the instructors, is not unnecessarily elaborate. A detailed study of a large number of particular cases, at the end of which general considerations emerge, may be a desirable change occasionally and in some subjects from a lecture course which argues out general considerations first and then illustrates them by particular cases. But it is not, for a reasonably intelligent student, necessarily the better method of approach; not necessarily the method which most disposes him to apply his wits to concrete situations when they afterwards occur in his business career. If the relations between teachers and taught be of the intimate character they should be, either in the ordinary class room, or in a more conversational Conference or Seminar, there is little danger of misleading dogmatism on the teacher's part: business practice running counter to his conclusions is pretty sure to be brought to his notice. If the student could, indeed, be left

to himself to select the critical points in the cases laid before him, with penalties if he failed unaided to discern them, the method would have the advantages of any 'killing or curing' prescription. But it may be suspected that even in Harvard the instructor does a large part of the necessary disentangling of "factors."

For an undergraduate school, the Case Method, as the dominating procedure, would seem impossible without an unwise sacrifice of other advantages. During the three, three and a half or four years of an undergraduate course, taking men at the age and with the preparation with which in fact they come to college, it is unwise to feed them exclusively on an economic diet; because they require, as a rule, a widening of the mental horizon, a knowledge of the world outside their narrow experience, a power of expression, which can be better given by other subjects. Accounting and Economics in a wide sense, and certainly special courses on Business Policy and Business Administration, they must also have; and these subjects can be so taught as to have a real educational value. But they cannot afford, in their three or four years, the time necessary for the Case Method: though of course in their last year their lectures can be and should be made more concrete and interesting by the introduction of illustrative examples

from actual business experience. For their earlier years, an exposition which brings out the considerations involved is educationally more appropriate to the mental stage most of them will have reached, and is commonly necessary even to enable them to tackle a *Case* with any notion of what they are to look for. But, while it would be unwise to set immature students down to the Harvard Case books, there can be no doubt of the value of the material they have collected as the basis for the generalisations of lecturers elsewhere. *Sic vos non vobis mellificatis apes!*

It is significant that in the American, as in the German, university developments of the last quarter of a century, interest has been completely lost in two possible forms of educational organisation which used to be greatly eulogised by some of the earlier non-academic advocates of higher commercial education. One is the *Commercial Bureau* (*Musterkontor*) or *Commercial Practice* course. This idea was taken from the Higher Institute of Commerce at Antwerp, which claims to be the first commercial college in the world and dates back to 1852. The proposal was that a part of the commercial college should be fitted up as nearly as possible like a merchant's office. Zealots for the scheme

illustrated their books with pictures of suitable commercial students' desks: "black and red ink on the right; copying ink on the left." Thus equipped, the students were to mimic actual commercial office operations, thus:

> "The master begins by dividing his classes into sections. He tells A. and B. to consider themselves for the present as cotton exporters in the United States, C. and D. are steamship owners, E. and F. are importers in Liverpool, G. and H. are bankers in London.
>
> A. and B. are told to buy 500 bales of cotton in the interior of Texas. They are told what to pay, on what conditions, how to handle, where and how to insure, receive and ship the cotton; they are to make out all the documents necessary for the purpose, draw up all cables, write all the letters in Liverpool and London, borrow from their bankers, repay them by bills on G. and H., &c., &c. And so through all the stages until the cotton is sold to a spinner. . . . They are engaged, so to speak, in actual commerce; they are taught all the drudgery of an office, from folding a letter for the post and stamping it to the highest branches."

The English and American reader will perhaps remember the account of a school pursuing this plan in California which is given by Stevenson and Osborne in the *Wrecker*. That was a particularly narrow and sordid example, and ought not unduly to prejudice us against the method in itself. No doubt the method in itself, if carried out with intelligence might prove a useful form of training. But, in the first place, as commonly advocated it concerns only mercantile operations, in the narrow sense; that is, the operations of a merchant: even among merchants it is those who deal on what are known as the Produce Markets—cotton, wool, sugar, coffee, wheat, &c.—who are alone contemplated. But this is a sense of Commerce far narrower than that in which the term is used by English Faculties of Commerce, or than the range covered by American College Schools of Business. If the school consisted only of students going into the offices of Produce merchants, it would be possible, though difficult, to make the work centre in a Commercial Bureau of this kind. But it would be unwise even then. For the most ardent advocates of the method do not propose that it should form the only means of education. They propose that students shall be "at the same time receiving instruction in Modern Languages, Modern Geography and

History, Public Economy, Commercial Law, and in Science bearing on the raw materials." And, if this is so, there *simply is not time* in an ordinary college course to run a commercial bureau seriously. Nor is it necessary. So far as the accounting transactions are concerned, sufficient practice is possible in the numerous exercises which ought to accompany the Accounting courses. So far as foreign trade is concerned, the documents in common use will be rendered familiar to his class by every sensible teacher who lectures on Transport and Foreign Trade. To go through the details of a series of actual transactions is to anticipate what can quickly be picked up in practice by an intelligent student. *And the very attempt* to do so tends to give the wrong point of view to anyone who is ultimately going to have a chance of a position of real responsibility. It concentrates attention on the technique for carrying out business decisions already reached, instead of on the reasons for the decisions themselves. In the case cited, it assumes a direction to buy so and so much cotton at such and such a price ; but it does not touch the question why anybody should buy so much or indeed any at all, or what he should be willing to pay for it. In short, it is the training for a head clerk and not for a manager or principal or director.

The other proposal once popular was that every Commercial College should have a Commercial Museum, with a great collection, kept up to date, of specimens of materials and manufactures: here also the example was set by the Antwerp school. Now, in the first place, a Commercial Museum is very seldom actually kept up to date; and, if not, it may be positively misleading. The proposal was commonly associated with conceptions of "Commercial Geography" which identified it with *Warenkunde* ('Materials of Commerce'). Courses bearing this name have been among the least valuable features in many a European commercial college. They usually consist of the recital of a string of facts concerning hundreds of materials —classified as animal, vegetable and mineral, or more minutely as 'timber' and 'beans' and 'fibres' &c.: and the lecturer, having reached coffee or rice or whatever it might be, was expected to get the particular bottle from the museum and display it to the class. Even at a famous commercial college it was not unknown for the lecturer to hand round 20 bottles of various beans in the hour, until the students never wanted to see another bean of any kind. Such courses were a mere burdening of the memory. There is no time in a college to deal with the physical characteristics and sources

of more than a very few of the leading materials, if it is to be done in such a way as to appeal to reason and judgment. For the vast majority of materials and products there are works of reference to which a student may readily go, if he has to treat of any of them. Experience has shown that, in a Conference or Seminar in which students have to read papers on particular business subjects, the individual student can himself often get specimens from business friends of the things he has to talk about and show them to the class; and that this is more interesting to the class, and far more stimulating to the reader of the paper, than the production of a labelled specimen from a museum.

But, while American university Schools of Business have not moved along certain lines which used to be advocated in Europe, they have moved along a line of their own in a significant and interesting way outside the actual work of teaching. And that is in the creation of Bureaux of Business Research.

These must be distinguished from such an organisation as also exists at Harvard—where it is controlled by a Committee on Economic Research—and at one or two other American universities, for the purpose of providing the business world, if not with forecasts of business

tendencies, at any rate with the statistical material on which such forecasts may be based, if they think fit, by the subscribing recipients. The 'Harvard Economic Service,' like the 'London and Cambridge Economic Service' with which it is in close relation, is not, in spite of its name, constitutionally a department or undertaking of the University itself, but simply an organisation in which a number of Harvard teachers (in England of London and Cambridge University teachers) are interested and participate. It is, however, not for that reason that such services—where certain university teachers have simply entered, with more technical efficiency, into the field of Business Forecasting already cultivated by many private agencies—are passed over here. They are omitted because they do not directly affect the teaching work of the university Business Schools. Of course, if they can succeed in determining the nature of business cycles more completely than economists have hitherto done, such new knowledge will become a part of generally accepted economic science, and will inevitably occupy a conspicuous place in the teaching of any university Business School. But the observer who notices the growing caution of all such 'Services' will not be very sanguine on this point.

To return then to the Bureaux of Business Research. The work of the Harvard Bureau in the collection of 'Cases' has already been mentioned. But it has done a great deal, also, in another direction—the statistical work involved in the collection and classification of information with respect to business costs. Thus its Bullettin, *Operating Expenses in Retail Shoe Stores in* 1923, presented the statistical conclusions drawn from the detailed accounts of some five hundred retail shoe establishments, calculated on a uniform system devised by the Bureau. It is researches of this statistical kind, and above all into Costs, that characterise the activity of the more important of the other university Bureaux of Business Research. Thus the important North-western University at Chicago since 1918 has issued reports on the *Costs, Merchandising Practice, Advertising and Sales in the Retail Distribution of Clothing*, and on *Expenses, Profits and Losses in Retail Meat Stores*, and a whole series of like monographs. Similar enquiries are being made by the University of Nebraska and by New York University. Much of the work has been undertaken with the goodwill of trade associations which have contributed largely to the expense involved. And it is already apparent that such enquiries may cast a good deal of light—favourable or unfavourable

—on some doctrines or assumptions of economic theory: such as the ideas represented by the terms 'an average rate of profits,' and 'a representative firm.' Meanwhile, the filling-up of the schedules or 'rulings' provided by the Bureaux will certainly do something to sharpen the perceptions of the managers of the concerns supplying the information: the whole procedure gives some of the teachers at the university means, which they might otherwise lack, of getting into touch with the business circles of their locality; and the mathemetical processes involved will give useful training to some of the young graduates of the Business School. If there is any criticism to be offered, it is that the ingenuity of the very advanced mathematical methods applied to the material may sometimes outstrip their utility either for business guidance or for economic science.

Other university Bureaux or Research Departments, such as that of the University of Pennsylvania, have made enquiries, and published the results, with respect to certain labour questions. Chief among those questions is that of 'labour turnover.' America has hitherto had the advantage of greater 'fluidity' of labour than exists in older countries. In many trades operatives move much more freely from one concern to another and from one industry

to another; so that the labour force of a particular concern is often—while fluctuating more or less in total numbers—also subject to great shifting in the individuals composing it. This is one of the causes which has hitherto led to the relative weakness of trade unionism in America. But the same shifting composition of the labour force may involve cost to the employer, in that it necessitates the training of the new comers. Accordingly there has been a good deal of attention directed of late to the statistical measurement of the 'turnover'; and in this the universities have taken part. Such enquiries are of course closely connected with other questions of works administration. 'Scientific Management,'—a term associated with the propaganda of the late Frederick W. Taylor and his disciples—has receded of late into the background; partly owing to the prejudice which its undue insistence on engineering conceptions of human capacity created among organised labour, and partly on account of the American tendency to concentrate attention for some few years on some one line of thought, and then, like the Athenians, to seek some new thing. 'Personnel' and 'Personnel Administration' have now taken the place of Scientific Management, as more colourless designations. In the Business Schools of several universities

there are regular courses under such titles; and with these are often associated investigations into 'industrial psychology' and 'industrial fatigue.'

It should, however, be noted that courses of this kind are not confined in America to the Business Schools of universities. They are found also in Engineering Schools. Indeed they are but a part of the definitely economic instruction that is now being given in all important engineering schools in America. Engineers with high technical qualifications are often chagrined to find that, in the supreme control of undertakings, they are subordinate to boards and managers whose authority rests on their presumed commercial judgment and who may be quite devoid of 'scientific' knowledge. This is inevitable so long as business success is determined by competition, in which technical efficiency must be considered in relation to sales and prices and costs. Engineers in training are therefore more and more disposed to supplement their strictly technical training by some knowledge at least of Accounting.

English examples are to be found in the University of Birmingham, where every engineer must take one course in Accounting; and in the recent decision of the professional engineering

Institutes in England to include some elements at least of economic education in the requirements for membership. But in America this tendency has gone much further, and has influenced the courses of instruction at such important institutions as the Massachusetts Institute of Technology and the Carnegie Institute of Technology at Pittsburg.

Whatever may be thought as to the supreme commercial control of manufacturing concerns, when we turn to the important department of actual works management there can be no doubt as to the utility of studies for engineers outside the purely technological. The positions of Works Managers are being filled more and more by men of professional engineering training. This—as has been abundantly shown in some of the Taylor experiments—does not always tend to industrial peace. The engineer is too apt to treat the workman as a machine capable of such and such an output. He is apt to think in terms of mathematical formulæ, and to suppose that some exact arithmetical device, of the nature of a premium or bonus, will dispense with the necessity for bargaining, whether individual or collective. And the very quality of the mathematical and other technological training which the new generation of Works Managers is now receiving is tending to

create a certain sense of intellectual sufficiency, and of superiority over the rank and file, which may interfere with mutual understanding. Hence the necessity that future works managers should be helped in some way to understand the workman's point, or points, of view. The various engineering schools are at present feeling their way in this direction. In some institutions the substance of the courses provided is an expansion or adaptation of courses which have for some time been familiar to economists—Modern Industrial History, Trade Unionism, Methods of Wage Payment, and the like: in others, Industrial Psychology, the Measurement of Turnover, and of Fatigue, Welfare work and so on, are being introduced. As to the demand for some such combination, the example of the Massachusetts Institute of Technology is instructive. Engineering students can there choose between a number of Sections according to their interests and prospects. One of these is called the Section of Engineering Administration; and about one in seven of the seven hundred students have in recent years elected this Section, which is described as "combining technical engineering courses with courses in Management, Political Economy, and Industrial Relations, the aim being to train managers with an engineering background."

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after a quarter of a century's experience, by representatives of a good many university commerce departments, at the Seventh Annual Meeting of the American Association of Collegiate Schools of Business in May 1925, and reported in their *Proceedings*, printed in *The Ronald Forum.* The Harvard Case System is described by its champion, W. B. Donham, in articles in the *American Economic Review*, (vol. XII, No. 1, March 1922) and the *Harvard Business Review* (October 1922). The most complete account of the Harvard School of Business Administration is given in an *Official Statement* issued by the University in 1924 in connection with its ten million dollar appeal; but this cannot be obtained through the booksellers. But the *Final Examination Papers used in the Graduate School of Business Administration* are so obtainable, being annually published by the university at Cambridge, Mass. On the study in university Business Schools and Engineering Schools of Industrial Relations, Shop Management and the like, much light is thrown in the Report of a Conference in Dec. 1924, printed in *Personnel Administration in College Curriculi* (American Management Association: Special Paper No. 11. New York: 20 Vesey St., 1925.) On *Bureaux for Business Research in American Universities* there is an

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IV

BRITISH UNIVERSITIES AND TRAINING FOR COMMERCE.*

I do not know whether I am expected to set forth the reasons why universities may be rightly expected definitely to seek to prepare such of their students as may desire it for commercial life; or whether I can take that for granted and lay before you some ideas as to the nature of that preparation. Engaged as I have been in propaganda, off and on, for twenty years, I should be glad to believe that the needs and possibilities of higher commercial education are now sufficiently recognised to allow me to turn to a more immediately pressing duty. Now that London—with a pleasing air of unconsciousness that it is not absolutely first in the field—has set up a well-endowed Faculty of Commerce; and an ancient seat of learning, like Edinburgh, has added commercial studies to its traditional range of interests; the cause is no longer left in the

* A Paper read at the Second Conference of Universities of the Empire, Oxford, 1921.

hands of the 'new' provincial universities. I suppose, in the course of the next twenty years, we shall see Faculties of Commerce, or something like them, in every considerable university in the Empire.

With the introduction of commercial studies—as earlier with the introduction of engineering and applied physical science—the theory that the proper task of the university is to prepare its students for everything in general and nothing in particular, will even more completely lose its hold on academic minds. The conception of a general mental culture, entirely divorced from all sordid considerations of subsequent occupation, as the only goal of university teaching, has of course characterised *only* a very brief episode in academic history. Looking at university history in the large, a university must be described as primarily the home of professional education. During the greater part of its history, its task was to educate men for the only profession then requiring education: that is to say for the ecclesiastical profession and for schoolmastering as an appendage to it. In a far lesser degree, and chiefly in certain special centres, did it educate men for the practice of the law and, in more recent generations, of medicine. As to the ecclesiastical profession (with all that that carried with

it, under the conditions of the time), we have but to reflect on the place in the civilization of the Middle Ages of the university of Paris: whose history forms the first and still, I suppose, for the development of the human mind, the most important chapter in university annals. When we pass to post-Reformation times, we see the founders of the earliest American university had the same object. "We desired," said they, "to advance Learning and perpetuate it to Posterity; dreading to leave an illiterate Ministry to the Churches, when our present Ministers shall lie in the Dust." Of the Scottish universities, in times much nearer our own, we are told that "except for the Church demands, the attendance at the Arts classes would, throughout most of the nineteenth century, have been so meagre as hardly to have justified their continuance." It may be doubted whether general mental culture was ever maintained to be the prime *raison d'être* of a university until Oxford and Cambridge, some sixty or seventy years ago, began to acquire a body of resident lay tutors. In encouraging what we may even call 'vocational' studies, the modern university is but reverting to its own age-long traditions.

But though this is so, I want to say, with equal emphasis, that the idea which was at the

back of the 'general culture' doctrine is one in my judgment of permanent and fundamental value. That idea, freed from the narrow and temporary forms in which it clothed itself, was this: that the education which alone deserves the name of a university education is one which aims at training the judgment, not the memory or technical aptitudes: that, to be worthy of its place in a university curriculum, a subject must be capable of reduction to principles or of grouping in generalizations—principles and generalizations illuminated by analysis and bound together by ties of causation. I do not, indeed, think of the University merely as an organization for formal instruction. I am very conscious that at least of equal value are the associations and the generous and spontaneous intellectual interests of student life; and one reason why I have been eager to introduce commercial studies is because I believe that thus alone can we attract to the university, and bring within the range of its intangible influences, any large number of business men's sons. But, nevertheless, the character of the formal instruction there offered does immensely matter. And it seems to me that the task now before the universities is just this: to realise that subjects of instruction in themselves directly and obviously appropriate to a future

business career are capable of being handled in two very different ways: in a way which burdens the memory with unconnected facts and rules, and in a way which exercises the reasoning faculty and becomes the vehicle of a real education. I have never been ashamed to be frankly and nakedly utilitarian in the curriculum I have recommended. Instead of aiming only at mental culture, and trusting that somehow utility will emerge as a by-product, we are completely justified, I have held, in aiming directly at utility, and seeking, in and through such studies, for the mental discipline and mental enlargement which we all desire. But all this is only on the assumption that the utility is rightly conceived, or—what comes to the same thing—that the subjects are taught in the right way.

I proceed, therefore, to consider the constituents of a university commercial course. But let me first define the precise circumstances I have in view.

About a Graduate (or, as some less correctly call it, a Post-graduate) course, I shall say nothing. A university like Harvard, whose chief difficulty is to cope with the superabundance of students who already frequent it, may perhaps with success establish a Graduate School of Business Administration. Students who come

from well-to-do business families, which send their sons to the university from reasons of sentiment and tradition, may have time to devote their undergraduate years to the pleasures appropriate to their youth and social position, or to philosophical, literary or scientific studies for the pure love of them; and still be so little in a hurry that they can spend a year or two in a Graduate School, and there begin for the first time to think seriously of their future avocations. For such men the appropriate curriculum must depend on what they have previously been reading. But "of them we do not reason." The essential mission of the typical modern university—like those of the English 'provinces' and the British Dominions—is not to those who already come, and, in any case, we may say, will continue to come to its class-rooms. Nor is it to those who are going to be economists or teachers or journalists or civil servants. The mission of the university to-day is *to* put, somehow, the university idea into the heads of that great majority of the commercial community which at present does not send its sons to the university at all, and will only send them if it can expect to receive most of them back again into commercial life. We shall do an immense service to the country if we can succeed in inducing them to send their

sons to the university instead of taking them straight from school into the works or counting-house. The three years from, say, seventeen and a half to twenty and a half are what we must ask from them. It looks a meagre enough time allowance. It would be so pleasant for them, and for us teachers, if they would postpone their coming for a year, and then, after getting their first degree, stay on for a year or so longer. But to ask that is not—speaking broadly—practical politics. If we ask so much, they will not come at all.

Our demand upon parents and students should thus be moderate. But as large as this it should be. Below the three years' ordinary undergraduate course, entered upon after a matriculation examination of the same standard as the other Faculties require, the university, in my judgment, ought not to go. For instance, I think, *at the present stage*, it is a mistake in most cases for a university to give its degrees as the result of attendance at evening classes, after the bread-earning work of the student's day is over. To argue the matter would take me too far afield. It is equally inexpedient to grant commercial diplomas to unmatriculated day students for a course shorter than that necessary for a degree, even if they can attend lectures during the day time. Of course, men

and women should be welcome in particular classes without matriculating, if they appear capable of benefiting from them; and they may be given a bare certificate recording the particular subjects in which they have satisfied the examiner. But beyond this I am sure it is not in most cases safe for the universities to go, at the present stage. The university can undertake secondary duties only when it has accomplished its primary one; and to begin with a preponderating number of evening or diploma students is pretty sure to check the advent of undergraduates of the usual type. It is fatal to create the impression that the university regards its commercial faculty or department as a sort of inferior side-show. And as to matriculation, it is of the utmost importance for the general intellectual life of the nation that we should do all in our power to spread the idea that the normal thing for a reasonably intelligent and well-taught boy of the commercial classes is that he should reach, on leaving the secondary school, a standard which will qualify him for matriculating at a university, if he so desires. Of the working classes and 'the educational ladder,' I cannot now speak.

Let me go on to say that there is no adequate reason—for a boy who is going on to a university—why the school education should be specialized

in a commercial direction beyond what is already provided in the modern secondary school. For boys who will go on to a university Faculty of Commerce, I don't in the least believe in industrial history or commercial geography or commercial French or commercial arithmetic and book-keeping *as a substitute for* ordinary history or geography or French or mathematics. Of course good teachers and good text-books will always try to enliven the instruction by introducing suitable references to the economic aspects of geography and other subjects. But, in the main, it is not brand-new subjects we want in the secondary schools, but the present subjects taught sensibly by masters paid well enough to be competent.

We now come to the subjects to be studied within the university by those looking forward to business careers. Quite half the work must, I think, in a broad sense of the term, be "economic." And let us at once quite frankly state the situation. The wide range of economic teaching desirable in a commercial Faculty is only beginning to be mapped out. And there are two opposite and very different dangers. One, fortunately, is disappearing: it is that we should be satisfied with putting into our curriculum the rather abstract sort of economics which used, not long ago in some places, to be

the only economics taught; and leaving it there, suspended in mid air, with little visible relation to actual business life. I will not take you back to the controversies of thirty or forty years ago concerning 'economic method.' I still think the controversy was salutary; and I am not a bit repentant of my own small share in it. But the controversy is not so necessary now. Most economists who are now called upon to teach in commercial faculties recognise that the teaching must be largely concrete, descriptive, statistical, historical; that it must come to close quarters with the actual structure of the existing economic organization and all the large forces visibly at work; and that if a teacher, trying to set these forth, fails to select and generalize, the fault is not in the purpose, but in the teacher. There has, in recent years, been a quite encouraging growth in the number of books on concrete economics which one can put into the hands of students, several of them the result of the creation of commercial faculties or of economic departments serving more or less the same ends: it would be invidious to single out particular examples. Yet I cannot refrain from pointing to Dr. Alfred Marshall's *Industry and Trade*, which appeared in 1919, as a masterly and informing survey of a large part of the field. Matters as to which some of us had been trying

for years to dig out some scrappy material, and which we had been presenting to our classes with a feeling that we were cultivating quite untilled tracts, were there brought together for the first time in a general view. The motto of the book, "The many in the one, the one in the many," presents our common ideal: the reconciliation of the abstract and the concrete; a reconciliation, let me add, of which each side is equally in need.

Marshall's book, like some other recent works, illustrates this further point: that for the education of future business men it is necessary for the teacher to put himself not only at the national or social or public or political point of view, but also at the point of view of business success, of efficiency, of profit-making. Young men (I speak of the generality) can only carry alert minds through the dull years of subordination which commonly follow the taking of their degree, if they have been helped to realise that business is interesting: that to men of intelligence it presents a series of problems, to which the university cannot indeed give them a golden key, but which it can accustom them to put before themselves and analyse.

And if the teaching of the university is thus conceived, it matters little what it is called—Economics or Commerce; or how it is divided

up into particular courses. I would only remark that, in the actual planning of courses, some regard must surely be paid to the character of the area which the university chiefly serves. A financial and merchandising centre will have somewhat different needs from a manufacturing one ; a manufacturing from an agricultural ; and even an engineering from a textile or chemical. I must avow my opinion that there is still too much tendency to lecture about banking and the money market and currency, simply because they are conventionally economic subjects, and there are available text-books. It seems rather a pity when students in the midst of an agricultural region, from which they come and to which many of them return, know something about the *gold point* (enough, that is, to write about it), and nothing about *farming costs.* I would add that I should like to see everywhere a very simple course on statistical method, illustrated from our own official returns and from business experience. Long before any mathematics are reached beyond simple arithmetic, there are lessons to be taught as to the meaning and dangers of averages, the nature of statistical evidence, the use and abuse of published figures, which are singularly illuminating to most students, as well as of definite use in after life in determining upon a business policy.

The chief danger just now is not from the over-abstract, but from the over-practical. There is a good deal of "commercial" teaching in municipal commercial schools and evening institutes, which is intended for clerks. I say nothing of its appropriateness for them, though I have my doubts. But it is very evident, if we may judge from the text-books used, that much of the instruction is directed only to the memory, and that it contains a mass of detail about current office practice—detail, most of which an observant graduate would pick up in a few days in an office, and some of which will probably never come his way at all. The temptation to the university is so great, to put down an attractive title for a course, *e.g.*, Commercial Practice or Business Organization, and appoint a teacher who has had some 'business experience,' that I feel bound to utter a warning cry. The danger is not lessened when the Professor of Economics is disinclined to come down from his abstract heights, and frees himself from personal responsibility by getting a colleague appointed, at a lower salary, to take this 'technical' task off his hands. I found some years ago an arrangement of that kind, beautiful on paper, at Leipzig. Of course the results were unsatisfactory. It has not been unknown nearer home.

The best way of meeting this danger is to select that semi-technical subject which can be taught with an appeal to the reasoning faculty throughout, and which can be brought into touch with the 'economic' courses proper, and to give it a conspicuous and serious place in the programme. I refer to Accounting: not 'Accountancy,' unless the University intends to prepare Accountants for their professional examinations: but 'Accounting'—that understanding of the *rationale* of accounts which all business men ought to possess. Accounting—especially its early stage commonly known as Book-keeping—can be taught in a mechanical and unintelligent way. That is the fault, I am told, of much of the Book-keeping taught in schools. And it will be the fault of the Accounting taught in the university, if it is thought that any Chartered or Incorporated Associate, however ill-paid, and with whatever humble status outside the Senate, is good enough to undertake it. On the other hand, properly taught it is provocative of thought throughout. And it has two particular merits. It enables the student to approach, from another and to some men a more congenial point of view, questions, such as those of Reserves and Depreciation or those of Costing and Overhead Charges, which he has

also been looking at from the points of view of social consequence or business expediency in his Economics or Commerce lectures. And Accounting is a subject in which the student's progress is very definitely measurable; and of which the purpose is more apparent to the business world than is the case with courses in Economics. Nothing is more cheering to the Dean of a Faculty of Commerce than to find the distinguished accountant who is kindly serving as external examiner giving, quite independently, high praise to the advanced accounting paper of a student who is also getting good marks for his 'purely economic' papers. It is instructive also to the distinguished accountant!

Commercial Law is another subject that usually and naturally finds a place in a commercial curriculum. Here again, the subject, properly taught, appeals to a student's sense of reasonableness: he can appreciate the needs which have led to the several enactments and decisions, and the nature of the contingencies for which the law must provide. And here, also, is a subject which can be linked on—if not formally, in effect—to the main commercial courses. Thus, while in the economic lectures the student is led to consider the social or business results of limited liability, the relative

merits of different policies as to capitalization, the economics of business combination and concentration and the like, in the Commercial Law course he learns the legal requirements of the particular plan determined upon, and the legal responsibilities involved. And, by the side of lectures on 'commercial' law in the usual sense of the epithet, there should be lectures on the branch of law of growing magnitude which may conveniently be called 'industrial.' It is most desirable that the future business man should realise how large a part of the relations between employers and employed is affected, in a very precise way, by legislation. This is a matter in which the educational interests of the future business man and of the citizen are identical. The one has to comply with existing legal requirements as a part of ordinary business routine: the other (of course, largely the same person in another capacity) has a share in determining by his vote how those requirements shall be modified or extended.

Now let us pass to Modern Languages. Modern languages have sometimes been worshipped as fetishes. Teach modern languages, it has been implied, and all will be well with British trade on the one side and with our schools and universities on the other. And

the teaching recommended has often been conceived of so narrowly as to defeat its own object. It is not mere ability to write business letters in other languages or to prepare polyglot catalogues that is chiefly wanted, though that has its use; but general business intelligence and an appreciation of foreign conditions and opportunities. It should, moreover, be borne in mind that, unless a boy when he comes to the university has a family concern or some other definite opening in view, he can't be sure that the language he selects is going to be made use of by him for commercial purposes. For these and other reasons which I must pass over, the commercial study of a language at the university should be of a wide scope, and it should be preceded by linguistic and literary study. The commercial study itself should include not only commercial correspondence, which is no very troublesome matter to a student who comes to it well prepared, but also the reading of typical examples of economic and commercial and financial prose. To take French as an example: what a business man wants is not only to be able to read and even to write, if necessary, a letter in French, but also to be able to follow the movement of French industry and trade. He ought to be able to read *Le Monde Economique* as easily as the *Economist*, M. Raffalovich as

readily as Mr. Hartley Withers, M. D'Avenel as freely as Mr. Clapham, M. Gide as quickly as Dr. Shadwell. But before he comes to that, I would have him, in the earlier years of his course, and after he has mastered the rudiments, read a little of the best literature of the country. A man who has read some Molière or some Cervantes or some Dante appreciatively has gone some way to understanding Frenchmen or Spaniards or Italians—not a negligible acquirement even from a commercial point of view. And if he never has to do business with the nation, he has had one opportunity, at any rate, in his life to develop his imagination and enlarge his sympathies.

There is, however, another requirement of commercial education in the university which is not so generally recognised. My own experience in an English manufacturing centre has been that there is more felt need for, and more readiness to welcome, well-trained men in big manufacturing concerns than in merchant houses; and I am inclined to think that, with the steady and inevitable 'trustification' of a large part of modern industry and the consequent growing indisposition to rely on nepotism to supply its managers, that need will increase. It is, therefore, for many students desirable that they should acquire,

as part of their university education, a general knowledge of manufacturing processes. Sometimes they will already know what business they are going into: and, in any case, the surrounding province will probably be marked by particular types of industry likely to furnish occupation to many of them. It is well, therefore, to allow in the curriculum an option between, at any rate, a second foreign language and pure or applied science. In a metal-working and engineering district, for example, a young business man, without professing to be a metallurgist or engineer, may, sensibly enough, desire to learn the nature of the fundamental processes for extracting and shaping metals, to get some notion of the chief forms of engines and other machinery, and to be able to read a blue print. *Mutatis mutandis* the same can be said of the textile or chemical or of any other large group of trades. I will not conceal the practical difficulties. To provide this instruction, we in Faculties of Commerce must turn to our colleagues in Pure or Applied Science: and these departments are usually so busy turning out technical experts, and their own standards are so high, that, until we are strong enough in the number of our commercial students to push the doors wide open, we have to be content to let our men

wriggle in by narrow apertures and receive a somewhat absent-minded welcome. Still, we are bound to keep on asking for more.. And perhaps our technological colleagues will be more open-armed when they come to realise that the Faculty of Commerce has something valuable in its turn to offer to future technicians. But that is another story.

And now I would like to add a word as to methods of instruction. We in the newer universities—and I suppose this is true also of the Dominions—must do the great bulk of our work by set lectures. With the numbers of our students we cannot do otherwise. And I feel now, as I felt when I left Oxford thirty-three years ago, that the tutorial system, as I then knew it, made demands which were too heavy upon the teachers, and that, while it provided for the transmission of knowledge, it hindered its advancement. Nevertheless the method, then prevalent in the Greats and History Schools in Oxford, of systematic weekly essays, prepared by the student and criticised by the tutor in respect both of form and contents, did serve a purpose which lectures did not. And in our new Faculties of Commerce we must do what we can to combine both methods. If only for his own future success, the commerce student needs to be taught to generalize for himself and

to select from the mass of particulars the essential elements; and then to set forth the main lines of the situation or problem in a lucid fashion. Here again direct utility and real education require the same thing. A method of Conferences, with assistance in the preparation and shaping of the papers to be presented, will, I have found, do a great deal toward the end in view, without the extravagant, and for us impossible, expenditure of effort involved in continuous individual tuition.

It is time that I brought this paper to an end. My attitude will, I hope, be sufficiently clear. There is a distinction currently drawn between 'humane' or 'humanistic,' and 'technical' or 'utilitarian' or 'bread-and-butter' studies. If I were to sum up the fitting purpose of a university in educating men for business life, it would be in some such phrase as this: *the humanistic spirit applied to utilitarian studies.* And for this 'humane' spirit there is abundant need. Let any one, for instance, take the trouble to look at the business literature just now so conspicuous in the booksellers' shops in great industrial cities, and he will see that it proceeds either from accountants or from engineers. It is they who are attracting the attention of the younger generation of manufacturers. Now, no one can feel more respect

than I do for a competent accountant or engineer. But each is only too likely to have the defects of his qualities, unless his own education has been liberalizing. Let me illustrate from 'Scientific Management.' The late Mr. Frederick Taylor was a man of remarkable originality and force of character. He was profoundly right in his contention that manual labour is often extravagantly wasted and ill-directed. But, being an engineer, he looked on the labourer as a machine: brain and muscles were for him so many engine parts; and he habitually thought and spoke of the life-work of human beings in the terms of mechanics. Men above the level of the ox (his own famous example) were bound to resent this attitude. It was not good intentions that were wanting on his part, but knowledge of human nature. In consequence 'Scientific Management' has met with inevitable suspicion and opposition in America; and it will meet with the like here, if it is undertaken in the same narrow engineer spirit—the spirit that thinks that any formula, whether of Task or Bonus, will dispense with tactful and sympathetic human intercourse. And so, even for its own purpose, commercial education in our universities must never be technical in the sense of the technician: it must be humane

also, and aim at the understanding of men. And the fulfilment of this, its own, purpose is also the fulfilment of a social function.

GOVT.

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